



TAX GUIDES 2026 · GUIDE 04

Individuals, Self-Employed and Immigration Guide

Personal taxation, residence and non-dom status, employment reliefs, sole-trader obligations, pensions and investments, and the residence and work-permit pathways to Cyprus

About this guide

This publication forms part of the **ATZ FinHub Tax Guides 2026** series, prepared for business owners, finance teams, private clients and their advisers who work with, or are considering, Cyprus. The series is organised so that each guide can be read on its own, while the cross-references point to the companion guides for deeper treatment.

Guide	Title	Focus
01	Cyprus General Tax Guide	The complete framework: reforms, rates, individuals, companies, VAT, payroll, property, compliance
02	Cyprus and EU VAT Guide	Domestic VAT, cross-border goods and services, OSS/IOSS, SME scheme, property, ViDA
03	Cyprus IP Box Guide	Qualifying assets, modified nexus, worked calculations, records and filing
04	Individuals, Self-Employed and Immigration	Personal tax, residence and non-dom, reliefs, social insurance, residence and work permits
05	Cyprus Companies Tax Guide	Corporate tax computation, incentives, groups, transfer pricing, withholding, compliance calendar
06	Global Tax Rates Guide	Headline corporate, personal and consumption taxes for 80+ jurisdictions with comparison notes

Information date

The information in this guide reflects legislation, regulations and published administrative practice reviewed to **24 September 2026**. Tax law changes frequently; proposals announced but not enacted are identified as such. Rates and thresholds should be re-checked for the actual transaction or filing date.

How to read the tables

Rates are stated as headline statutory rates unless otherwise indicated. A rate is not an eligibility decision: conditions, caps, anti-avoidance rules and documentation requirements are summarised alongside each item and must be confirmed for the specific facts. Worked examples state their assumptions and are illustrative only.

IMPORTANT NOTICE

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01

Personal tax in 2026 at a glance

Tax year 2026 is the first year of the reformed personal tax system. The tax-free band rises to €22,000, family and housing deductions are introduced, dividend taxation is reshaped and the filing obligation is widened to every resident aged 25 to 70. This chapter sets out the framework that the rest of the guide builds on.

€22,000

Tax-free band of chargeable income (previously €19,500)

35%

Top marginal rate, now applying above €72,000 (previously €60,000)

5%

SDC on dividends for domiciled residents from 2026 (17% transitional rate for pre-2026 profits)

25–70

Ages at which every Cyprus tax resident must file an annual return from 2026

• Who is taxed on what

Cyprus taxes individuals by reference to residence and source. A Cyprus tax resident is taxed on chargeable income accruing or arising from all sources in Cyprus and abroad, whether or not it is remitted to Cyprus. A non-resident is taxed only on specified Cyprus-source income: profits of a Cyprus permanent establishment, income from an office or employment exercised in Cyprus, pensions from past employment exercised in Cyprus, rent from Cyprus immovable property and certain professional, entertainment and royalty income collected by withholding.

• The five questions that decide the outcome

Five separate questions determine the outcome for any individual, and this guide treats them separately. Tax residence (Chapter 02) decides whether worldwide income is in scope. Domicile (also Chapter 02) decides whether dividends and interest bear Special Contribution for Defence (SDC). The category of income decides which rate applies: progressive income tax, a flat rate, SDC, capital gains tax, or exemption. Social insurance and General Healthcare System (GHS) contributions follow their own rules (Chapter 05) and can be due even where income tax is nil. Immigration permission (Chapters 10 – 11) is a fifth, independent question: a residence permit does not create or remove tax residence, and tax residence does not authorise anyone to live or work in Cyprus.

Income tax bands for tax year 2026 (Income Tax Law 118(I)/2002, as amended)

Chargeable income	Rate	Tax in band	Cumulative tax
€0 – €22,000	0%	€0	€0

Chargeable income	Rate	Tax in band	Cumulative tax
€22,001 – €32,000	20%	€2,000	€2,000
€32,001 – €42,000	25%	€2,500	€4,500
€42,001 – €72,000	30%	€9,000	€13,500
Over €72,000	35%	—	€13,500 + 35% of excess

The bands apply to chargeable income after exemptions and deductions, not to gross salary. Spouses are taxed separately. For comparison, the 2025 bands were €19,500 at 0%, then 20% to €28,000, 25% to €36,300, 30% to €60,000 and 35% above €60,000 (cumulative tax at €60,000: €10,885).

WORKED EXAMPLE — WHAT THE NEW BANDS ARE WORTH

An individual with chargeable income of €50,000 pays $€2,000 + €2,500 + 30\% \times €8,000 = \text{€6,900}$ in 2026, an effective rate of 13.8% on chargeable income. Under the 2025 bands the same income produced $€1,700 + €2,075 + 30\% \times €13,700 = \text{€7,885}$. At €100,000 the 2026 liability is $€13,500 + 35\% \times €28,000 = \text{€23,300}$, against €24,885 in 2025. The reform therefore reduces tax at every income level, with the largest proportionate saving in the €22,000 – €45,000 range.

● What changed on 1 January 2026

The 2026 reform package amended the Income Tax Law, the Special Contribution for Defence Law, the Assessment and Collection of Taxes Law and the Stamp Duty Law with effect from 1 January 2026. The measures most relevant to individuals are summarised below; the remainder of this guide applies them.

2026 measures affecting individuals

Measure	Position up to 31 December 2025	Position from 1 January 2026
Income tax bands	Nil to €19,500; 35% above €60,000	Nil to €22,000; 35% above €72,000
60-day residence rule	Required that the individual was not tax resident in any other state	That condition removed; remaining conditions unchanged
SDC on dividends (domiciled residents)	17%	5%, except 17% on dividends paid by Cyprus companies out of profits earned up to 2025 and received by 31 December 2031
SDC on rental income	3% on 75% of gross rent	Abolished
Interest of individuals	Business-related interest within income tax; passive interest SDC 17%	All interest of individuals within SDC (17%, or 3% for qualifying bonds); exempt from income tax
Deemed dividend distribution	70% of profits deemed distributed after two years, SDC 17%	Abolished for 2026 profits onwards; still applies on 31 December 2026 and 2027 to 2024 and 2025 profits

Measure	Position up to 31 December 2025	Position from 1 January 2026
Disguised dividends	Not a concept	10% SDC on private use of company assets and below-market transfers to domiciled shareholders
Non-dom period	Fixed 17 years	Optional paid extension: €250,000 for each further five-year period, up to two periods
Family deductions	None	Child, main-residence rent or interest, energy and electric-vehicle deductions subject to family income ceilings
Natural-disaster home insurance	Not deductible	Deductible up to €500 per person
Foreign pension threshold	5% above €3,420	5% above €5,000
Ex gratia termination payments	Exempt in full	20% on the amount above €200,000
Crypto-asset gains	Taxed as trading income or outside scope, depending on facts	8% flat rate on gains from sale, gift, exchange or use as payment
CGT lifetime exemptions	€85,430 residence; €25,629 farmland; €17,086 other	€150,000; €50,000; €30,000 (overall lifetime maximum €150,000)
Loss carry-forward	Five years	Seven years
Stamp duty	Ad valorem on contracts up to €20,000 cap	Abolished for documents executed from 1 January 2026
Return filing obligation	All individuals, subject to annual exemption decree (gross income up to €19,500)	All residents aged 25 – 70 regardless of income; anyone with taxable income; non-residents with Cyprus taxable income
Threshold for audited (or, where eligible, reviewed) financial statements of individuals in business	€70,000 turnover plus other gross income	€120,000; a review may replace the audit for eligible persons with income up to €200,000 (Chapter 06)
Official interest rate on overdue tax	5.5%	3.5%

CAUTION

The reform reduced rates but did not create any general exemption for foreign income, for holders of residence permits or for remote workers. A person who becomes Cyprus tax resident is taxable on worldwide income unless a specific exemption applies. The exemptions that do exist (the 50%, 20% and 25% employment reliefs, the 90-day rule, the non-dom exemption from SDC and the flat-rate regimes) each have conditions that must be verified and documented before payroll relief is given or a return is filed.

02

Tax residence and domicile

Residence determines whether Cyprus taxes worldwide income; domicile determines whether dividends and interest bear SDC. The two tests are independent and both must be documented year by year.

● The 183-day rule

An individual is tax resident in Cyprus for a calendar year if he or she is physically present in Cyprus for one or more periods exceeding 183 days in aggregate in that year. No further condition applies: a person who spends 184 days in Cyprus is resident regardless of nationality, immigration status, home, employment or where the family lives. Conversely, a person who spends 183 days or fewer is not resident under this rule and must look to the 60-day rule.

Day-counting conventions (apply to both the 183-day and 60-day rules)

Movement	Counts as
Day of arrival in Cyprus	A day in Cyprus
Day of departure from Cyprus	A day outside Cyprus
Arrival and departure on the same day	One day in Cyprus
Departure and return on the same day	One day outside Cyprus

WORKED EXAMPLE — COUNTING DAYS

Maria arrives in Cyprus on 3 March 2026 and leaves on 30 September 2026 without other travel. March contributes 29 days (3 to 31 March inclusive), April to August 153 days and September 29 days (1 to 29 September; the day of departure counts as a day abroad). Total: 211 days, so she is resident under the 183-day rule. Had she also taken a 30-day trip abroad in July (leaving 1 July, returning 31 July), the count would be $211 - 30 = 181$ days: the departure day counts as abroad and the return day as in Cyprus, so the trip removes 30 days and she would fall back on the 60-day rule.

● The 60-day rule

Since 2017 an individual who does not meet the 183-day test is nevertheless Cyprus tax resident if, in the tax year, all of the following conditions are met. The former fourth condition, that the individual is not considered tax resident by any other state, no longer applies from 1 January 2026.

- 01 Sixty days.** The individual is present in Cyprus for at least 60 days in the year, counted under the conventions above.
- 02 No other single state over 183 days.** The individual does not reside in any other single state for one or more periods exceeding 183 days in aggregate.
- 03 Cyprus activity.** The individual carries on a business in Cyprus, is employed in Cyprus, or holds an office (for example a directorship) in a company tax resident in Cyprus, at any time during the year, and that business, employment or office is not terminated during the year (the sources describe this as being in force at 31 December).
- 04 Permanent home.** The individual maintains a permanent residential property in Cyprus during the year which is owned or rented by him or her.

PLANNING POINT

Removing the "not resident elsewhere" condition means that from 2026 a person can be Cyprus resident under the 60-day rule while also being treated as resident by another state under that state's domestic law. This makes the 60-day rule easier to satisfy but increases the likelihood of dual residence. Where a treaty exists, the tie-breaker article decides which state may tax as the state of residence; where no treaty exists (for example with many Gulf states), both states may tax and only unilateral credit relief is available. A person relying on the 60-day rule should therefore review the departure rules of the state being left as carefully as the Cyprus conditions.

CAUTION

The directorship or employment used to satisfy condition 3 must be genuine and must subsist to the end of the year. A directorship of a dormant company accepted purely to obtain residence, or an employment that is terminated in November, will not satisfy the rule. The permanent home must be available throughout the year; a short holiday let does not qualify. Keep the lease or title deed, board minutes, the employment contract and payroll records on file for the year.

● Treaty tie-breakers and the arrival and departure years

Cyprus has double tax treaties with more than sixty jurisdictions (the list is in Chapter 12). Where an individual is resident in Cyprus under domestic law and also resident in a treaty partner under that state's law, the treaty allocates residence using, in order, the permanent home, the centre of vital interests (personal and economic relations), the habitual abode, nationality and, finally, mutual agreement between the competent authorities. Cyprus applies its domestic rule for the whole calendar year; it does not split the year. The tie-breaker can therefore produce a treaty-resident state that differs from the domestic result for part or all of the year, and treaty residence then determines which state has the primary right to tax each income category.

In the year of arrival, an individual who arrives after 1 July will normally have fewer than 184 days in Cyprus and may only be resident under the 60-day rule. If neither test is met, the individual is non-resident for the whole year and only Cyprus-source income is taxed in Cyprus; foreign employment income earned before arrival is outside the Cyprus charge in any event, because for a non-resident only employment exercised in

Cyprus is taxable. In the year of departure the same logic applies in reverse. Because the test is annual, income of the whole year is either within or outside the worldwide charge; there is no apportionment, although income from employment exercised abroad may be exempt under the 90-day rule (Chapter 03) and foreign tax is creditable.

Tax residence certificates

The Tax Department issues a tax residence certificate on application for a tax year (or, on a declaration that the conditions will be met, for the current year). It is needed to claim treaty benefits abroad and is often requested by banks and foreign employers; supporting documents typically include the passport or a travel schedule, the property lease or title, evidence of employment or office and social insurance registration. A certificate records the facts declared; it does not cure a day count that later proves inaccurate.

• Domicile for SDC purposes

SDC on dividends and interest applies to an individual only if he or she is both Cyprus tax resident and domiciled in Cyprus for SDC purposes. Domicile is defined by reference to the Wills and Succession Law and a statutory deeming rule.

Domicile of origin

The domicile acquired at birth, normally the domicile of the father (or of the mother for a child born outside marriage). A person with a Cyprus domicile of origin is domiciled in Cyprus for SDC unless he or she has acquired and maintained a domicile of choice outside Cyprus and has not been Cyprus tax resident for any period of at least 20 consecutive years before the tax year, or was not Cyprus tax resident for at least 20 consecutive years before 16 July 2015.

Deemed domicile (the 17-out-of-20 rule)

Irrespective of domicile of origin, an individual who has been Cyprus tax resident for at least 17 of the 20 tax years immediately before the tax year of assessment is deemed domiciled in Cyprus for that year. A person who arrives in 2026 and is resident every year thereafter becomes deemed domiciled from tax year 2043.

Retention after departure

A person who has acquired deemed domicile under the 17-year rule continues to be treated as domiciled until he or she completes 20 years of non-residence.

Non-domiciled ("non-dom")

A Cyprus tax resident who is not domiciled under either limb. Non-doms are exempt from SDC on dividends, interest and (up to 2025) rent, but remain fully liable to income tax and GHS contributions.

WORKED EXAMPLE — VALUE OF NON-DOM STATUS

Andreas, a Cyprus tax resident non-dom, receives €100,000 of dividends from foreign companies and €20,000 of bank interest in 2026. Both are exempt from income tax. As a non-dom he pays no SDC; GHS applies at 2.65% on €120,000, giving **€3,180**. A domiciled resident with the same income would pay SDC of $5\% \times €100,000 + 17\% \times €20,000 = €8,400$ in addition to the same €3,180 GHS, a total of €11,580. The non-dom saving is €8,400 in this year; had the dividends been paid by a Cyprus company out of pre-2026 profits the domiciled SDC would have been 17%, or €17,000, on the dividend alone.

The paid extension of non-dom status NEW

From 1 January 2026 an individual with a domicile of origin outside Cyprus whose 17-year period has elapsed may elect to extend non-dom treatment for up to two further five-year periods (ten years in total). The election requires a lump-sum payment of €250,000 for each five-year period, described in the sources

as paid in advance and equivalent to €50,000 per year, and is subject to approval of the Commissioner of Taxation. For a period starting on 1 January 2026 (that is, for individuals whose 17 years ended on 31 December 2025) the application had to be submitted by 30 June 2026; later applicants should confirm the application window for their own start date.

PLANNING POINT

The extension is a cost-benefit decision. At the 5% dividend rate, €50,000 a year of SDC corresponds to €1,000,000 of annual dividends; at 17% on interest it corresponds to about €294,000 of annual interest. Only individuals with substantial passive income will benefit, and the analysis should include GHS (which the extension does not remove, and which is capped at €180,000 of income in any event), the alternative of holding investments through structures whose distributions are not dividends, and the possibility of ceasing Cyprus residence. Individuals approaching year 17 should model the decision at least two years in advance.

Residence and domicile checklist

- ✓ Maintain a day-by-day travel calendar with boarding passes, passport stamps and accommodation evidence; for 60-day residence keep the lease or title deed and evidence that the employment, business or office subsisted at 31 December.
- ✓ Record the domicile of origin and any domicile of choice with supporting evidence, count the tax-resident years towards the 17-of-20 test and diarise the year in which deemed domicile will begin.
- ✓ Obtain the tax residence certificate each year it is needed and review the departure rules and treaty tie-breaker of the state being left, particularly in the arrival year.

03

Employment income

Employment income is taxed where the duties are performed, subject to the arrival reliefs that make Cyprus attractive to relocating employees: the 50% exemption for high earners, the 20% exemption for other new arrivals, the 25% exemption for returning Cypriot-connected professionals and the 90-day rule for work abroad.

● What is taxable

For a resident, tax is charged on all gains or profits from any office or employment wherever exercised, including the estimated value of allowances, incentives for accepting employment, gratuities on retirement, benefits under an early retirement plan, compensation for termination and any other benefit under an employment or office agreement; for a non-resident, only income from an office or employment exercised in Cyprus. Directors' fees are treated as employment income and bear GHS as remuneration of an office (2.65% for the director, 2.9% for the payer); a non-resident director is taxable only on fees for duties exercised in Cyprus, subject to the treaty article on directors' fees. Employment physically exercised in Cyprus is taxable here even where the employer, the contract and the bank account are abroad, so a remote worker performing duties from Cyprus for a foreign employer has Cyprus-source employment income.

The Tax Department's guidance on benefits in kind, applicable since 2019, sets out how to value cars, accommodation and other benefits (private expenses paid by the employer, allowances and so on); benefits are added to emoluments and taxed through PAYE. Two statutory valuations apply regardless: loans or other financial facilities granted to an individual director or shareholder, or to a spouse or relative up to the second degree, produce a benefit of 9% per annum on the monthly outstanding balance less any interest actually charged (from 2026 also for indirect individual shareholders), and approved share option and share incentive benefits are taxed at the flat 8% rate described below.

WORKED EXAMPLE — DIRECTOR'S LOAN BENEFIT

A company lends its director €100,000 throughout 2026 at 2% interest. The benefit is $9\% \times €100,000 = €9,000$ less €2,000 interest charged, so €7,000 is added to the director's taxable emoluments and is subject to PAYE and GHS; whether a particular benefit in kind is insurable for social insurance purposes should be confirmed with the Social Insurance Services. The same benefit is taxed if the borrower is the director's spouse or child. Where the arrangement instead amounts to private use of a company asset by a domiciled shareholder, the 10% disguised dividend SDC in Chapter 07 may apply instead of the benefit-in-kind rules.

● The arrival exemptions compared

Four exemption regimes exist for individuals who take up employment in Cyprus. The current regimes are article 8(23A) (50%), article 8(21A) (20%) and article 8(21B) (25%); the older articles 8(23) and 8(21) continue to run for employments that began before 26 July 2022. Only one regime can apply to a given individual, and the 50% and 25% exemptions are granted once in a lifetime.

Employment exemptions available in 2026

Regime	Relief	Principal conditions	Duration
Art. 8(23A) — 50% exemption	50% of remuneration from first employment in Cyprus	Remuneration exceeds €55,000 a year; not Cyprus resident for at least 15 consecutive tax years immediately before commencement; first employment (no salaried services in Cyprus, including occasional employment, for any employer during those 15 years); employment commenced after 1 January 2022. The €55,000 must be exceeded in the first or second year; thereafter the exemption continues in years where remuneration exceeds €55,000 and the Commissioner is satisfied that variations are not arranged to obtain the exemption.	17 tax years from the year of commencement (or until the provision is repealed); once in a lifetime
Art. 8(23A) transitional	50%	For employments commencing between 1 January 2022 and 29 June 2023, a 10-year (not 15-year) non-residence condition applied and "first employment" referred to any prior employment in Cyprus at any time. For employments that commenced before 2022, individuals with continuous Cyprus employment to 2021 who either claimed the old 50% exemption, or started in 2016 – 2021 with remuneration above €55,000 (or reached €55,000 within six months of 26 July 2022), can claim from 2022 for the balance of 17 years counted from the original start, provided the 15-year non-residence condition was met at that time.	Balance of 17 years from original commencement
Art. 8(21A) — 20% exemption	Lower of 20% of remuneration and €8,550 a year	First employment in Cyprus (no salaried services in Cyprus before commencement, tested over the statutory look-back period) commencing after 26 July 2022 and up to tax year 2027 inclusive; for at least 3 consecutive tax years immediately before commencement the individual was not Cyprus tax resident and was employed outside Cyprus by a non-resident employer; not available to a person granted the 50% or 25% exemption.	7 tax years starting from the tax year following the year of commencement
Art. 8(21B) — 25% exemption NEW	Lower of 25% of remuneration or business profits and €25,000 a year	Employment or self-employment in Cyprus commencing between 1 January 2025 and 31 December 2030; income above €30,000 in the first 12 months and in each subsequent year; not Cyprus resident for the 7 tax years before commencement but resident in at least one earlier year; either a recognised university degree plus 36 months' full-time employment abroad for a non-resident employer within the 84 months before commencement, or 84 months' such employment; Cyprus tax resident in each year of claim (except possibly the commencement year); not available to a person granted the 50% exemption.	Year of commencement plus the following 6 tax years; once in a lifetime

Regime	Relief	Principal conditions	Duration
Art. 8(23) — legacy 50%	50%	Employment commenced between 1 January 2012 and 26 July 2022; remuneration above €100,000; resident outside Cyprus before commencement; for employments from 2015, not resident in 3 of the 5 preceding years nor in the preceding year.	First 10 years of employment
Art. 8(21) — legacy 20%	Lower of 20% and €8,550	Employment commenced between 2012 and 26 July 2022; resident outside Cyprus before commencement.	5 years from 1 January of the year after commencement

Remuneration for the €55,000 and €30,000 tests is gross remuneration from the Cyprus employment. The 25% exemption uniquely extends to profits from carrying on a business in Cyprus, so a returning professional who sets up as a sole trader can qualify.

WORKED EXAMPLE — 50% EXEMPTION

Elena, who has never worked in Cyprus and was resident abroad for 20 years, starts employment in Limassol on 1 February 2026 at €90,000 a year. The 50% exemption applies from 2026 for 17 years (to 2042). Her 2026 computation (assuming a full year for simplicity): remuneration €90,000, less exemption €45,000, gives €45,000 before deductions. Social insurance is 8.8% of the €68,904 ceiling, €6,063.55; GHS is 2.65% of €90,000, €2,385. The one-fifth ceiling on contributions is €9,000, so the full €8,448.55 is deductible. Chargeable income is €36,551.45 and income tax is €2,000 + 25% × €4,551.45 = **€3,137.86**, an effective rate of 3.5% on gross salary. Without the exemption the tax would be €16,843.01. Note that social insurance and GHS are charged on the full €90,000 (subject to the ceiling); the exemption applies only to income tax.

WORKED EXAMPLE — 20% AND 25% EXEMPTIONS

Kostas takes up employment in Nicosia in March 2026 at €45,000. In the four tax years 2022 to 2025 he was not Cyprus resident and was employed outside Cyprus by a non-resident employer, he has never performed salaried services in Cyprus, and he has not been granted the 50% or 25% exemption, so the conditions of article 8(21A) are met; residence abroad alone would not suffice, and both the foreign employment and the absence of earlier Cyprus employment must be evidenced. He may deduct the lower of 20% (€9,000) and €8,550, so €8,550, from 2027 for seven years; there is no relief in 2026 itself. In 2027, assuming the same salary, his chargeable income is €45,000 – €8,550 – €5,152.50 contributions = €31,297.50 and tax is €1,859.50 rather than €3,961.88. Christina, a Cypriot who studied in Cyprus, has worked in London for eight years and returns to a €60,000 post in 2026, qualifies for article 8(21B): 25% of €60,000 is €15,000 (below the €25,000 cap), giving chargeable income of €38,130 and tax of €3,532.50 rather than €7,839. She cannot also claim the 20% exemption.

CAUTION

Payroll departments should not grant the 50% exemption on a verbal statement. Obtain evidence of non-residence for the qualifying period (foreign returns, residence certificates, contracts), confirm that no salaried services were performed in Cyprus in the look-back period (including internships), record the commencement date and first-12-month remuneration, and reassess where a bonus, mid-year start or change of employer takes remuneration below €55,000. The exemption attaches to the individual, so a change of employer within Cyprus continues the 17-year clock.

● The 90-day rule for services abroad

Remuneration from salaried services rendered outside Cyprus for more than 90 days in aggregate in a tax year to a non-resident employer, or to a foreign permanent establishment of a resident employer, is wholly exempt from Cyprus income tax. The exemption covers the remuneration for the days abroad, not the whole year's salary, and requires the employer to be non-resident or the work to be for a foreign permanent establishment: a Cyprus resident employed by a foreign group company who spends 100 working days a year at its offices abroad qualifies; an employee of a Cyprus company who travels for meetings does not. Keep a day log distinguishing working days from travel and leave; the days abroad also count as days outside Cyprus for the residence tests, and the foreign state may tax the same days under treaty article 15.

● Share schemes, termination payments and other special items

Approved share option and share incentive plans

From 2026, a benefit arising to an employee or director from stock options or shares granted under an incentive plan approved by the Commissioner of Taxation is taxed at a flat 8% rather than at the progressive rates. The sources describe an annual limit equal to twice the individual's remuneration and an overall ceiling of €1,000,000 measured over a ten-year period; benefits above those limits, and benefits under non-approved plans, are taxed as ordinary employment income. Plans must meet the formal approval, substance and remuneration criteria set by the Tax Department, and related parties are excluded. Employers with existing plans should seek approval before the first 2026 vesting or exercise.

Ex gratia and termination payments

Lump sums received as compensation for death or injury, and capital sums from approved provident and pension funds, remain fully exempt. From 2026, ex gratia payments on retirement (including early retirement), benefits under an early retirement scheme and compensation for termination not specifically provided for in the terms of employment are exempt up to €200,000 and taxed at a flat 20% on the excess; they are not deductible for the employer. Contractual termination payments (for example payment in lieu of notice) remain ordinary employment income. Statutory redundancy payments, lump sums and gratuities are outside GHS.

WORKED EXAMPLE — TERMINATION PAYMENT

A senior manager receives a discretionary ex gratia payment of €350,000 on termination in 2026, in addition to contractual notice pay of €30,000. The €30,000 is taxed as employment income through PAYE. Of the €350,000, €200,000 is exempt and €150,000 is taxed at 20%, giving **€30,000**. At progressive rates on top of other income the €350,000 would have attracted 35%, or €122,500. The employer cannot deduct it in computing its own taxable profit.

Fund managers' carried interest

Employees and executives of authorised AIF managers, internally managed AIFs, UCITS management companies and their delegates may elect annually for variable remuneration effectively connected to the fund's carried interest or performance fee to be taxed at 8%, with a minimum tax of €10,000 a year, for ten years. The €125,000 often quoted is only the level at which 8% equals the €10,000 minimum (below it the minimum applies and the effective rate exceeds 8%); whether the election pays in a given year depends on comparing that charge with the tax the same remuneration would bear under the normal computation together with the individual's other income and deductions.

04

Deductions, allowances and credits

Cyprus allows a short list of personal deductions: the contributions basket capped at one-fifth of income, donations, subscriptions, rental expenses and, from 2026, a set of family, housing and green deductions subject to family income ceilings. Applied in the right order they materially reduce the liability of a typical household.

• The contributions basket and the one-fifth ceiling

Article 14 of the Income Tax Law allows a deduction for social insurance contributions, GHS contributions, contributions to approved medical funds, approved provident and pension fund contributions, life insurance premiums and premiums for permanent or partial incapacity. Each component has its own limit and the total is restricted to one-fifth of the individual's chargeable income computed before these deductions (and before the new family deductions).

Article 14 contributions basket

Item	Individual limit
Social insurance contributions (employee 8.8% or self-employed 16.6%)	Whole amount
GHS contributions	Whole amount
Private medical fund or medical insurance contributions	Up to 2% of chargeable income
Approved provident fund and pension fund contributions	Up to 10% of remuneration
Life insurance premiums (on the taxpayer's own life; a spouse's life only for policies effected before 1 January 2003)	Up to 7% of the sum insured
Premiums for permanent or partial incapacity	Subject to the same 7% of the insured amount restriction as life premiums
Overall ceiling	One-fifth of chargeable income before these deductions

If a life policy is cancelled within six years of issue, part of the premiums previously allowed is added back to income: 30% for cancellation in years 1 – 3 and 20% for cancellation in years 4 – 6. Partial surrenders are taxable under the rules in Chapter 08.

WORKED EXAMPLE — THE ONE-FIFTH CEILING

Nikos earns €70,000 in 2026. He pays social insurance of €6,063.55 (8.8% of the €68,904 ceiling), GHS of €1,855, provident fund contributions of €7,000 (10% of remuneration) and life premiums of €8,500 on a policy with a sum insured of €100,000. The life premium is limited to $7\% \times €100,000 = €7,000$. The basket totals $€6,063.55 + €1,855 + €7,000 + €7,000 = €21,918.55$, but the ceiling is one-fifth of €70,000 = €14,000, so only €14,000 is deductible. Chargeable income is €56,000 and tax is $€4,500 + 30\% \times €14,000 = \mathbf{€8,700}$. The excess contributions are lost; they cannot be carried forward.

PLANNING POINT

Because social insurance and GHS already use part of the one-fifth allowance, a high earner's provident fund and life premium capacity is smaller than the 10% and 7% component limits suggest. Where a couple both work, the spouse with unused capacity should hold the life policy on his or her own life. The family deductions in the next section are calculated after, and separately from, the basket: they do not reduce the income on which the one-fifth ceiling is measured.

● Other deductions available to every individual

General deductions

Deduction	Amount
Subscriptions to trade unions and professional bodies	Whole amount
Donations to approved charities, with receipts	Whole amount (a loss created by the donation is not carried forward)
Donations or contributions to cultural institutions approved by the Deputy Ministry of Culture	Whole amount up to €50,000 a year; no carry-forward of the excess
NEW	
Expenses of letting buildings	Statutory 20% of gross rent, plus interest on loans to acquire the let property and wear and tear allowances
Expenditure on a building under a Preservation Order	Up to €1,200 per m ² (up to 120 m ²), €1,100 per m ² (121 – 1,000 m ²) or €700 per m ² (over 1,000 m ²)
Investment in approved innovative SMEs (article 9A; investments to 31 December 2026)	The amount invested, up to 50% of taxable income as computed before this deduction (that is, after the article 14 contributions basket; see the order of computation below) and €150,000 a year; unused amounts carried forward five years. Investments made before 14 February 2022 qualified for 20%, 35% or 50% of the amount invested
Losses of the current year and of the previous seven years (five years up to 2025)	Whole amount, for individuals in business
Premiums insuring a residence against natural disasters NEW	Up to €500 per spouse, partner or single person
Foreign tax paid on income that is also taxed in Cyprus	Credit against the Cyprus income tax on that income, whether or not a treaty applies (Chapter 12)

● Family, housing and green deductions NEW

From tax year 2026 a new group of deductions is available to individuals whose family income does not exceed a ceiling that depends on the number of children. The deductions are personal to each parent, spouse or partner. The child deductions (only) are doubled for single-parent families and where one parent has full custody; the housing and green deductions are not doubled.

Family income ceilings for the 2026 deductions

Family composition (children counted at 31 December of the tax year)	Family income ceiling
No children, or up to two children	€100,000
Three or four children	€150,000
Five or more children	€200,000
Single person (living without children or spouse), for the housing and capital expenditure deductions	€40,000

The deductions

Deduction	Annual amount	Basis
Dependent children — first child	€1,000	Per parent
Dependent children — second child	€1,250	Per parent
Dependent children — third and each additional child	€1,500	Per parent
Interest on a performing loan for the purchase or construction of a main residence in Cyprus, or rent paid for a main residence in Cyprus	Up to €2,000	Per spouse, partner or single person
Capital expenditure to improve the energy efficiency of the main residence; technical energy-efficiency systems, renewable energy systems and electricity storage batteries; electric vehicles registered with the Department of Road Transport	Up to €1,000	Per spouse, partner or single person

Child deductions are granted to each parent within the family income ceiling and are doubled for single-parent families and where one parent has full custody. The housing deduction requires a main residence in Cyprus; the performing-loan condition applies only to the interest alternative, not to the rent alternative or to the green deductions. The green, energy and electric-vehicle expenditure (article 14B(1)(c)) shares one combined limit of €1,000 a year per eligible spouse, partner or single person; the amount is measured net of government grants, the excess of eligible expenditure over the amount claimed may be carried forward to the following four years, and the combined claims of two spouses cannot exceed the eligible expenditure actually incurred. All three deductions apply within the family income ceiling (€40,000 for a single person). The definition of "family income" and the treatment of adult children in education should be confirmed for each case.

WORKED EXAMPLE — A FAMILY WITH TWO CHILDREN

Petros earns €80,000 and his wife Anna €15,000; they have two children under 18, pay €12,000 a year in rent for their Larnaca home and paid €3,000 in 2026 for a domestic solar system. Family income of €95,000 is within the €100,000 ceiling. Each parent claims child deductions of €1,000 + €1,250 = €2,250 and a rent deduction of €2,000; the €3,000 solar cost gives each €1,000 in 2026 with the €1,000 balance carried forward. Petros: income €80,000, contributions €8,183.55 (social insurance €6,063.55 and GHS €2,120, within the €16,000 ceiling), family deductions €5,250, chargeable income €66,566.45 and tax €11,869.94, compared with €13,444.94 without the family deductions, a saving of €1,575 (€5,250 at the 30% marginal rate). Anna's chargeable income is €15,000 – €1,717.50 – €5,250 = €8,032.50 and her tax is nil either way, so her deductions produce no saving; deductions cannot be transferred between spouses.

CAUTION

The ceilings are cliff edges: a family with two children and income of €100,001 loses all of these deductions. For one parent the maximum deduction is €2,250 (two children) + €2,000 (housing) + €1,000 (green) = €5,250, worth at most €1,837.50 of tax at the 35% rate; the actual saving depends on the parent's marginal band and on how much of each deduction is usable (€1,575 at 30% in the example above). The separate €500 natural-disaster insurance deduction is not subject to the family income test and is not part of this cliff. Where family income is close to a ceiling, the timing of bonuses, the exercise of options and the payment of dividends from an owner-managed company should be reviewed before the year end. The 50% employment exemption reduces chargeable income, and ATZ FinHub will confirm whether it also reduces "family income" for this purpose.

Order of computation

- 01 Gross income by source.** Employment (including benefits in kind), business profits, rent, pensions and any other taxable receipt. Dividends and interest are excluded (SDC only).
- 02 Exemptions.** Deduct the 50%, 20% or 25% employment exemption, the 90-day exemption and any other statutory exemption.
- 03 Source deductions.** Business expenses and capital allowances, the 20% rent deduction and interest on rental loans, losses brought forward.
- 04 General deductions.** Donations, subscriptions, preserved buildings, cultural contributions, natural-disaster insurance (article 9).
- 05 Contributions basket (article 14).** Social insurance, GHS, provident, medical, life and incapacity premiums, capped at one-fifth of the figure reached at step 4.
- 06 Innovative SME investment (article 9A).** The amount invested, limited to 50% of the taxable income reached at step 5 (that is, after the article 14 deductions) and to €150,000; the excess is carried forward five years.
- 07 Family deductions (article 14B).** Children, main residence and green deductions, each with its own limit, available only where family income is within the applicable ceiling.
- 08 Apply the bands.** Compute tax on chargeable income, then deduct foreign tax credit and PAYE and provisional tax already paid.

05

Social insurance, GHS and other contributions

Contributions are charged on earnings, not on chargeable income, and are not reduced by the employment exemptions. For 2026 the social insurance ceiling is €68,904 and the GHS base is capped at €180,000 of aggregate income.

8.8%

Employee and employer social insurance, each, on earnings up to the ceiling

€68,904

2026 annual insurable earnings ceiling (€5,742 a month; €1,325 a week)

16.6%

Self-employed social insurance on category-based insurable income

2.65%

GHS on employment, pension and investment income, capped at €180,000 of income

• Employees and employers

Payroll contributions for 2026

Contribution	Employee	Employer	Base
Social Insurance Fund	8.8%	8.8%	Emoluments up to €5,742 a month / €1,325 a week (€68,904 a year)
General Healthcare System	2.65%	2.9%	Emoluments; individual's aggregate base capped at €180,000
Redundancy Fund	—	1.2%	Emoluments up to the social insurance ceiling
Human Resource Development Authority Fund	—	0.5%	Emoluments up to the social insurance ceiling
Social Cohesion Fund	—	2.0%	Total emoluments, no ceiling
Central Holiday Fund (unless exempt)	—	8.0%	Emoluments up to the social insurance ceiling; exemption available where the employer provides paid leave under an approved arrangement
Typical total (Holiday Fund exempt)	11.45%	15.4%	Below the ceiling

Ceilings: 2025 €66,612 (€5,551 a month); 2024 €62,868. The 8.8% rate applies from 2024 for five years and rises in five-year steps to 10.3% – 10.7% from 2039, depending on actuarial results. Employers pay both employee and employer contributions by the end of the following month.

WORKED EXAMPLE — COST OF EMPLOYMENT

An employee on €50,000 costs the employer €50,000 + (8.8% + 2.9% + 1.2% + 0.5% + 2.0%) × €50,000 = **€57,700** before any Holiday Fund contribution. An employee on €90,000 costs €90,000 + 10.5% × €68,904 + 4.9% × €90,000 = €101,644.92: the ceiling limits three of the five funds, but GHS and the Social Cohesion Fund run on the full salary.

• Self-employed persons

A self-employed person contributes 16.6% of insurable income, which is not actual profit: the Social Insurance Services set a minimum weekly amount for each occupational category, on which the person contributes at least (a higher amount up to the general ceiling may be elected). The amounts for the contribution year 5 January 2026 to 3 January 2027 are shown below; contributions are paid quarterly (13 weeks). The rate rises in five-year steps to 19.6% – 20.4% from 2039.

Minimum weekly insurable earnings of self-employed persons, 2026 (for orientation)

Occupational category	Weekly minimum	Annual (52 weeks)	Annual contribution at 16.6%
Persons exercising a profession (doctors, lawyers, accountants, engineers and similar) — up to 10 years in practice	€485.67	€25,254.84	€4,192.30
Persons exercising a profession — more than 10 years in practice	€982.38	€51,083.76	€8,479.90
Wholesalers, estate agents, managers and other entrepreneurs	€982.38	€51,083.76	€8,479.90
Teachers and professors — up to 10 years / more than 10 years	€474.63 / €949.27	€24,680.76 / €49,362.04	€4,097.01 / €8,194.10
Builders and persons in building trades	€596.05	€30,994.60	€5,145.10
Designers, computer users, marine engineers, agents, musicians and persons without a specified occupation	≈ €486	≈ €25,272	≈ €4,195
Skilled workers; secretaries, typists, cashiers, technical assistants, drivers, excavator operators	€474.63	€24,680.76	€4,097.01
Cleaners, messengers, guards and shop owners	€452.56	€23,533.12	€3,906.50
Butchers, bakers, confectioners, packers and similar	≈ €364	≈ €18,928	≈ €3,142
Travelling salesmen, postmen, farmers, stock-farmers, fishermen, sailors, miners and similar	€331.14	€17,219.28	€2,858.40

Amounts stated to the cent are the official weekly figures for the contribution year as reproduced in the 2026 professional summaries; amounts marked ≈ are available to this guide only rounded to the euro and are shown for orientation, not as payroll inputs. The category assigned by the Social Insurance Services, and any approval to contribute on actual income where that is below the category minimum, should be confirmed before a liability is computed.

● General Healthcare System

GHS contribution rates, 2026 (General Healthcare System Law 89(I)/2001, as amended)

Category	Applied on	Rate
Employees	Own emoluments	2.65%
Employers	Employees' emoluments	2.90%
Self-employed persons	Own income	4.00%
Pensioners	Pension income (Cyprus and foreign)	2.65%
Persons holding an office (directors and other office holders)	Office remuneration	2.65%
Person paying the office remuneration	Office remuneration	2.90%
Persons earning rental, interest, dividend and other income	That income	2.65%
Republic's Consolidated Fund	Emoluments and pensions of the above	4.70%

Where the sum of an individual's employment emoluments, self-employment income, office remuneration, pensions and dividend, interest and rental income exceeds €180,000 in a year, contributions are calculated on €180,000 only, applied cumulatively in that order (employment first, investment income last). The maximum for a person whose income is all at 2.65% is therefore €4,770. GHS is charged on dividends, interest, rent and pensions even where no SDC or income tax is due, so a non-dom's investment income and a foreign pension taxed at 5% both bear 2.65%; whether GHS applies to a person covered by another EU state's scheme under an A1 certificate should be confirmed for each case. Emoluments of non-permanent-resident seafarers and lump sums or gratuities paid to employees are outside GHS.

WORKED EXAMPLE — THE €180,000 CAP

Georgia earns a salary of €150,000 and receives €60,000 of dividends in 2026. GHS on salary is €3,975, withheld by her employer. Only €30,000 of the dividends falls within the remaining cap, so GHS on dividends is €795 and her total is €4,770; if the paying company withheld 2.65% on the full €60,000 she reclaims €795 through her return. Had her salary alone been €200,000, no GHS would be due on the dividends.

Cross-border coverage: EU rules and bilateral agreements

Foreign nationals working in Cyprus contribute to Cyprus social insurance unless an exemption applies. Nationals of EU and EEA states, Switzerland and the United Kingdom posted to Cyprus by a foreign employer may remain in their home scheme, normally for up to two years and extendable by agreement between the competent institutions, on production of a certificate of coverage (form A1 or the UK equivalent); Regulations 883/2004 and 987/2009 also govern multi-state workers, who are generally insured in their state of residence if a substantial part of their activity is performed there. Cyprus has bilateral agreements with Australia, Austria, Canada, the Czech Republic, Egypt, Greece, the Netherlands, Quebec, Serbia, the Slovak Republic, Switzerland, Syria and the United Kingdom (those with EU states are superseded by the Regulations), under which secondees for periods of up to about three years may claim exemption, coverage normally being granted for one to two years. A person relocating permanently should join the Cyprus scheme, which builds statutory pension entitlement with periods in other EU states aggregated; a remote employee of a foreign employer who becomes resident is generally insurable in Cyprus and the employer's registration should be settled before arrival.

06

Self-employed and professionals

A sole trader or professional is taxed personally on adjusted business profit at the progressive rates, pays social insurance on category-based insurable income and GHS at 4%, and faces accounts, provisional tax and VAT obligations that depend on turnover.

• Computing business profit

Business profit is computed on the accounts basis: gross receipts less expenses incurred wholly and exclusively in the production of income and supported by documentary evidence. Capital expenditure is not deductible directly but attracts annual wear and tear allowances. The rules mirror those for companies (see Guide 05, Cyprus Companies Tax Guide, for the full treatment); the items that most often arise for individuals are collected below.

Deductible and non-deductible items for a sole trader

Deductible	Not deductible
Staff salaries and the employer's social insurance, GHS, Redundancy, HRDA, Social Cohesion and provident fund contributions (if paid when due, or within two years); rent of premises not owned by the trader; repairs	The owner's own drawings, notional salary or interest on capital; rent of premises the trader owns; improvements or additions to immovable property
Interest on loans to acquire business assets; bad debts; scientific research, patents and IP (with an additional 20% for R&D in 2022 – 2030)	Expenses of a private motor vehicle, and interest on its cost or on any asset not used in the business (for seven years from acquisition); domestic and private expenses, including travel between home and work
Entertainment for business purposes up to the lower of €30,000 and 1% of gross income (2026; previously €17,086); donations to approved charities; professional subscriptions	Entertainment above that limit; voluntary payments; taxes; sums recoverable under insurance; capital sums; goods taken for private use
Rent for Cyprus immovable property paid by bank transfer, debit or credit card or another recognised electronic payment method	Rent for Cyprus immovable property paid otherwise than electronically, for payments made from 1 July 2026 NEW

Principal wear and tear allowances (straight line, on cost)

Asset	Rate	Asset	Rate
Plant, machinery, furniture and fittings	10%	Commercial buildings; flats	3%
Commercial vehicles (not saloon cars); motorcycles; computer hardware	20%	Industrial, agricultural and hotel buildings	4%

Asset	Rate	Asset	Rate
Application software (below €1,709 written off at once); tools	33⅓%	Energy-efficiency and renewable energy systems (2023 – 2030)	20%
Agricultural machinery and equipment	25%	New electric vehicles and charging stations (2023 – 2030)	33⅓%

On disposal of an asset other than a building, a balancing allowance or charge (limited to allowances given) arises for the difference between proceeds and tax written-down value.

Losses

A loss from a business may be set against other income of the same year (including employment income and rent) and any balance carried forward for seven years from 2026 (five years up to 2025; losses of 2019 that were not relieved by 2024 become available again against 2026 profits under the transitional rule). Losses from a business carried on outside Cyprus may also be set against other income. A sole trader who incorporates can carry the unrelieved losses into the company. A loss created by a charitable donation is not carried forward.

Social insurance, GHS and the 25% exemption for the self-employed

The self-employed person pays 16.6% social insurance on insurable income determined by occupational category (Chapter 05) and GHS at 4% on actual business income within the €180,000 cap. Both are deductible within the one-fifth basket. A returning Cypriot-connected professional who starts a business in Cyprus between 2025 and 2030 and meets the conditions of article 8(21B) may exempt the lower of 25% of profits and €25,000 a year for seven years (Chapter 03).

WORKED EXAMPLE — A SELF-EMPLOYED ACCOUNTANT

Michalis, in practice for twelve years, bills fees of €80,000 (excluding VAT) in 2026 and has allowable expenses of €20,000, giving profit of €60,000. His social insurance is 16.6% on the category minimum of €982.38 a week: $€51,083.76 \times 16.6\% = €8,479.90$. GHS is $4\% \times €60,000 = €2,400$. The basket totals €10,879.90, within the one-fifth ceiling of €12,000, so it is deductible in full. Chargeable income is €49,120.10 and income tax is $€4,500 + 30\% \times €7,120.10 = \mathbf{€6,636.03}$. Total income tax and contributions are €17,515.93, or 29.2% of profit, leaving €42,484.07. VAT charged to clients is not income and is excluded.

WORKED EXAMPLE — A FREELANCE DESIGNER

Ioanna, a freelance designer, earns profit of €40,000. Assume the Social Insurance Services place her in the category whose official 2026 minimum is €485.67 a week (the category assignment should be confirmed): insurable income is $€485.67 \times 52 = €25,254.84$ and social insurance is 16.6% of that, €4,192.30; GHS is $4\% \times €40,000 = €1,600$. Chargeable income is $€40,000 - €5,792.30 = €34,207.70$ and tax is $€2,000 + 25\% \times €2,207.70 = €2,551.93$. Her total charge is €8,344.23, or 20.9% of profit. If she qualified for the 25% exemption (for example, returning after eight years abroad with a degree and three years' foreign employment), €10,000 of profit would be exempt, chargeable income would be €24,207.70 and her tax would fall to €441.54.

● Accounts, audit and record-keeping

An individual carrying on a business must prepare audited or, where eligible, reviewed financial statements if annual turnover together with any other gross income from rents, dividends, interest, royalties or trading goodwill exceeds €120,000 (up to 2025, €70,000). Above that threshold a full audit is not automatic: a self-employed person whose relevant gross income exceeds €120,000 but does not exceed €200,000, and whose total assets do not exceed €500,000, may have the financial statements reviewed by a licensed practitioner instead of audited, provided the income and asset tests are met for the required two-year period. Above €200,000 of income or €500,000 of assets an audit is required. An individual with only passive income (rent, dividends, interest, royalties) and no business is not required to prepare audited or reviewed financial statements regardless of the amount. Below the threshold the individual must still keep books and records, issue invoices and prepare accounts sufficient to support the return. Books and records must be updated within four months of the transaction, invoices issued within 30 days, and records retained for at least six years after the return to which they relate is submitted (Chapter 13). Businesses with stock must carry out a stock-take at the year end. The self-employed return and payment deadlines, which differ according to whether audited or reviewed financial statements are required, are in Chapter 13.

PENALTY

Failure to update books and records within four months attracts a €100 penalty per quarter; failure to issue invoices within 30 days a €100 penalty per month; failure to carry out a stock-take €100. Late registration with the Tax Department, or late notification (beyond 60 days) of changes, attracts €100. These are in addition to the return and payment penalties in Chapter 13.

● VAT registration for the self-employed

A person established in Cyprus must register for VAT when the value of taxable supplies in the preceding 12 months exceeds €15,600, or is expected to exceed €15,600 in the next 30 days. Two further, separate registration triggers matter to a freelancer. First, outbound services: where a Cyprus business supplies services to a taxable person established in another Member State that fall under the general business-to-business place-of-supply rule (the customer accounts for VAT under the reverse charge in its own state), registration is compulsory from the first such supply, with no threshold, and each supply is reported in the VIES recapitulative statement. Second, inbound services: a business that receives services from suppliers established abroad on which it must itself account for Cyprus VAT under the reverse charge must register once the value of such received services exceeds €15,600 in any consecutive 12-month period; these purchases are declared in the VAT return, not in VIES. Acquisitions of goods from other Member States above €10,251.61 in a calendar year also require registration. A freelancer with foreign business clients will therefore often need to register long before domestic turnover reaches the threshold, even though the outbound services themselves are outside the scope of Cyprus VAT under the general B2B place-of-supply rule; the place-of-supply exceptions (for example services connected with immovable property and admission to events) are set out in Guide 02, Cyprus and EU VAT Guide. Voluntary registration allows recovery of input VAT. VAT returns are quarterly and are due, with payment, by the 10th of the second month following the period. The full treatment, including the EU SME scheme and the reduced rates, is in Guide 02, Cyprus and EU VAT Guide.

● Sole trader or company?

An owner-manager can operate as a sole trader or through a company. The company pays corporation tax at 15% and the owner is then taxed on what is extracted: salary through PAYE and social insurance, or dividends bearing 5% SDC (if domiciled) and 2.65% GHS. The table compares the two for a domiciled and a

non-domiciled owner who extracts all profit as dividends and draws no salary; it ignores the company's administrative costs (typically several thousand euros a year for accounting, audit and annual compliance) and the value of social insurance pension rights, which only the sole trader accrues.

Sole trader versus company, 2026: all profit extracted (domiciled owner unless stated)

Profit before tax and contributions	€60,000	€100,000	€150,000
Sole trader (professional category, more than 10 years)			
Social insurance 16.6% on €51,083.76	€8,479.90	€8,479.90	€8,479.90
GHS 4%	€2,400.00	€4,000.00	€6,000.00
Income tax	€6,636.03	€18,932.04	€35,732.04
Net to owner	€42,484.07	€68,588.06	€99,788.06
Company paying all post-tax profit as dividend			
Corporation tax 15%	€9,000.00	€15,000.00	€22,500.00
SDC 5% on dividend (domiciled)	€2,550.00	€4,250.00	€6,375.00
GHS 2.65% on dividend	€1,351.50	€2,252.50	€3,378.75
Net to domiciled owner	€47,098.50	€78,497.50	€117,746.25
Net to non-dom owner (no SDC)	€49,648.50	€82,747.50	€124,121.25

Assumptions: no other income; no salary; social insurance at the professional category minimum for more than ten years' practice; GHS within the €180,000 cap; profits earned in 2026 so that the 5% SDC rate applies; company administration costs and the sole trader's pension accrual ignored. Income tax on the sole trader computed after deducting contributions within the one-fifth ceiling.

PLANNING POINT

The company structure produces a higher net figure at every level in the table, and the advantage grows with profit because dividends escape the 30% and 35% bands. Against that, incorporation brings audit and filing costs, the company's own provisional tax and the deemed and disguised dividend rules, and the owner loses social insurance cover unless a salary is paid. A common compromise is a modest salary (which is deductible for the company and builds pension rights) with the balance as dividend. Incorporation does not make private spending deductible and does not convert employment income into exempt dividends: a personal service company whose only client is the owner's former employer will be examined on its facts. See Guide 05, Cyprus Companies Tax Guide, for the company-side computation.

07

Investment income, securities and crypto-assets

Dividends and interest are exempt from income tax and are taxed, if at all, through SDC and GHS; rental income is within income tax and GHS but no longer within SDC; gains on securities are exempt and gains on crypto-assets bear a new 8% flat rate. The 2026 reform reduced the dividend SDC rate to 5% but left a 17% transitional charge on old profits until 2031.

• Summary of charges on investment income in 2026

Resident individuals: charges on investment income

Income	Income tax	SDC — domiciled	SDC — non-dom	GHS
Dividends from Cyprus companies out of profits of 2026 onwards	Exempt	5%	Nil	2.65%
Dividends from Cyprus companies out of profits earned up to 31 December 2025, received by 31 December 2031	Exempt	17%	Nil	2.65%
Dividends from foreign companies	Exempt	5%	Nil	2.65%
Disguised dividends (private use of company assets; below-market transfers)	—	10%	Nil	—
Interest (bank deposits, loans, most bonds)	Exempt	17%	Nil	2.65%
Interest on Cyprus or other EU government bonds, listed corporate bonds and listed bonds of state organisations or local authorities	Exempt	3%	Nil	2.65%
Interest where the individual's total income does not exceed €12,000	Exempt	3% (refund of excess withheld)	Nil	2.65%
Rental income	Progressive rates on 80% of gross rent less interest and allowances	Nil (abolished)	Nil	2.65%

Income	Income tax	SDC — domiciled	SDC — non-dom	GHS
Gains on securities (shares, bonds, units)	Exempt	Nil	Nil	Nil

Non-residents pay no SDC and no GHS on dividends and interest, and Cyprus imposes no withholding tax on dividends or interest paid to non-residents. Foreign tax on dividends or interest is creditable against SDC whether or not a treaty applies.

● Dividends

Dividends are exempt from income tax in the hands of an individual. For a Cyprus tax resident who is also domiciled in Cyprus, SDC applies at 5% from 1 January 2026. The transitional rule preserves the 17% rate for dividends paid by a Cyprus tax resident company out of profits earned up to 31 December 2025 where the dividend is received by 31 December 2031. Dividends from non-resident companies are subject to 5% from 2026 regardless of when the profits arose. Cyprus-source dividends have SDC and GHS withheld by the paying company and paid over by the end of the following month; SDC and GHS on foreign dividends are paid by self-assessment, from 2026 by the deadline for the income tax return of the year of receipt.

PLANNING POINT

Owner-managed companies should track reserves by year of origin. A distribution in 2026 of profits earned in 2025 costs a domiciled shareholder 17%; the same distribution out of 2026 profits costs 5%. Companies with both old and new reserves should document which profits are being distributed. Note, however, that the deemed distribution rules still apply on 31 December 2026 to 70% of the 2024 accounting profit and on 31 December 2027 to the 2025 profit, to the extent attributable to resident domiciled individual shareholders, and that on dissolution the undistributed profits of the last five years earned up to 2025 are treated as distributed at 17%. Retaining old profits does not avoid the 17% charge; it defers it at most until 2031, after which the sources do not preserve the transitional rate.

Disguised dividends NEW

From 2026 a resident domiciled individual who is a direct or indirect shareholder is charged SDC at 10% on a disguised dividend where a company asset is used privately by the shareholder or a related person, or where the company disposes of an asset to the shareholder or a related person for less than market value. The disguised dividend is the market value of the use (taking into account the percentage of private use) or the shortfall in consideration. The rules do not apply to assets previously donated to the company by the shareholder or related persons, where the Income Tax Law benefit-in-kind rules apply instead, or to distributions on a capital reduction, dissolution or liquidation. Company-owned holiday homes, yachts and cars used by the family are the obvious targets.

● Interest

From 2026 all interest received by an individual is exempt from income tax and within SDC (previously, interest arising from the individual's ordinary business activities was taxed as income). The standard SDC rate is 17%. A 3% rate applies to interest on Cyprus and other EU Member State government bonds, corporate bonds listed on a recognised stock exchange, and listed bonds of Cyprus or EU state organisations and local authorities, and to individuals whose total annual income including interest does not exceed €12,000, who may claim a refund of tax withheld above 3%. Cyprus banks withhold SDC and GHS at source; foreign interest is self-assessed by the return deadline. Interest on a loan made by an individual to

his or her own company is interest for these purposes (SDC, not income tax) and is deductible for the company subject to the usual rules; the 9% benefit-in-kind rule runs the other way, where the company lends to the individual.

● Rental income

Rent from immovable property anywhere in the world is taxable income of a resident; a non-resident is taxed on rent from Cyprus property. The taxable amount is gross rent less a statutory 20% deduction, less interest on a loan taken to acquire the property, less wear and tear allowances on the building (3% for flats and commercial buildings) where not yet exhausted. No other expenses are deductible. SDC on rent (3% on 75% of gross rent) is abolished from 2026. GHS applies at 2.65% on gross rent. Up to 2025, where the tenant was a Cyprus company, partnership, the state or a local authority, SDC and GHS on rent were withheld by the tenant and paid in two half-yearly tranches (by 30 June and 31 December), and other landlords self-assessed on the same dates. With the abolition of SDC on rent from 2026, the remittance route and timetable for GHS on rent (withholding by corporate tenants, or self-assessment by the landlord, and the payment dates) should be confirmed against the current Tax Department guidance; this guide continues to show the half-yearly dates pending that confirmation.

Rental income from self-catering accommodation let through online platforms is treated, subject to conditions set out in a 2023 circular, as business income: it is subject to income tax as a business (with actual expenses rather than the 20% deduction) and, as business income, is outside SDC in any event from 2026. Tenants paying rent for Cyprus property should note that, for payments made from 1 July 2026, rent must be paid by bank transfer, debit or credit card or another recognised electronic payment method to be deductible for the payer (as a business expense or under the article 14B rent deduction); payments made before 1 July 2026 are not affected by the rule.

WORKED EXAMPLE — RENTAL INCOME

Stelios, a domiciled resident, lets a flat in Larnaca for €18,000 a year. He pays €4,000 of interest on the mortgage used to buy it and is entitled to a 3% wear and tear allowance on a building cost of €150,000 (€4,500). Taxable rent is $€18,000 - €3,600 (20\%) - €4,000 - €4,500 = €5,900$, which is added to his other income and taxed at his marginal rate; at 30% that is €1,770. GHS is $2.65\% \times €18,000 = €477$, paid on the half-yearly timetable described above (subject to confirmation of the 2026 remittance route). In 2025 he would also have paid SDC of $3\% \times 75\% \times €18,000 = €405$. If he lets the flat as short-term holiday accommodation through an online platform, the income is business income, actual costs (cleaning, platform fees, utilities) are deductible instead of the 20% deduction, and social insurance as a self-employed person and VAT registration (once turnover exceeds €15,600) may follow.

Funds, unit trusts and collective investment schemes

Units in open-ended and closed-ended collective investment schemes are securities, so gains on disposal or redemption are exempt from income tax and, unless the fund holds Cyprus immovable property directly or indirectly and is unlisted, from capital gains tax. Distributions from a fund in corporate form are dividends (SDC 5% or 17% for domiciled residents, nil for non-doms, GHS 2.65%). From 1 January 2031 gains of individuals on redemption of units or shares in corporate collective investment schemes will be treated as dividends, reduced by any CGT on Cyprus property borne on the redemption.

Foreign investment income and treaty relief

Foreign withholding tax on dividends and interest is credited against the Cyprus SDC on the same income, up to the amount of that SDC, whether or not a treaty applies. A non-dom, who pays no SDC, obtains no credit and bears the foreign withholding as a final cost; the treaty rate should therefore be claimed at source using a Cyprus tax residence certificate. The treaty withholding rates for dividends, interest and royalties are tabulated in Guide 05, Cyprus Companies Tax Guide, and the comparative domestic rates of other jurisdictions in Guide 06, Global Tax Rates Guide.

WORKED EXAMPLE — FOREIGN DIVIDEND WITH WITHHOLDING

A domiciled resident receives a €10,000 dividend from a German company that has borne 15% German withholding under the treaty (€1,500). Cyprus SDC is $5\% \times €10,000 = €500$, fully covered by the credit for German tax; nothing further is payable in Cyprus, but the €1,000 of excess German tax is not refundable in Cyprus. GHS of €265 is payable regardless. A non-dom pays the same €1,500 German tax and €265 GHS and no SDC; the German withholding is the entire tax cost, so securing the 15% treaty rate rather than the 26.375% German domestic rate is the main planning step.

• The 8% crypto-asset regime NEW

With effect from 1 January 2026 gains derived by any person from transactions in crypto-assets are subject to income tax at a flat rate of 8%, subject to conditions. A taxable transaction is the sale of a crypto-asset, the gift of a crypto-asset, the exchange of one crypto-asset for another, and the use of a crypto-asset as a means of payment. The gain is the difference between the value realised and the acquisition cost. Losses on crypto-assets may be set off only against gains on crypto-assets in the same tax year; they cannot be carried forward or set against other income. The special regime does not apply to gains on crypto-assets acquired through mining, which are taxed under the normal rules (as business income at progressive rates for an individual, where the activity amounts to a trade).

Crypto-asset events and their treatment in 2026

Event	Treatment
Sale of crypto for fiat currency	8% on the gain
Exchange of one crypto-asset for another (including into stablecoins)	8% on the gain at the time of exchange
Payment for goods or services in crypto	8% on the gain measured at the value of the goods or services
Gift of crypto	8% on the gain measured at market value at the date of gift
Disposal of crypto acquired by mining	Outside the 8% regime; normal rules apply
Losses	Set-off only against same-year crypto gains; no carry-forward
Staking rewards, airdrops, salary paid in crypto	Classified on their own facts as income when received; a later disposal of the tokens is then a crypto transaction

WORKED EXAMPLE — CRYPTO GAINS AND LOSSES

In 2026 Alexis sells bitcoin acquired for €30,000 for €50,000 (gain €20,000) and exchanges ether acquired for €15,000 for a stablecoin worth €11,000 (loss €4,000). Net crypto gain is €16,000 and tax is $8\% \times €16,000 = \text{€1,280}$. Had the ether loss arisen in 2027 instead, the 2026 tax would be €1,600 and the €4,000 loss would only relieve 2027 crypto gains, if any. When he later spends the stablecoin on a €12,000 car, the €1,000 appreciation since acquisition is a further taxable gain.

CAUTION

The regime taxes each exchange, not only the final conversion to euros; a trader who rotates between tokens realises a gain or loss on every swap. Wallet-level records of acquisition date, cost in euros at the time, and the euro value at each disposal are essential; exchange statements alone rarely provide the cost base for transfers between wallets. The conditions attached to the 8% rate, including whether it applies to persons whose activity amounts to a trade, should be confirmed against the final legislation and any Tax Department circular before filing.

DAC8 reporting

The 2026 professional summaries state that the provisions of Council Directive (EU) 2023/2226 (DAC8) have been transposed into Cyprus law with effect from 1 January 2026; the amending law, its commencement provisions and the first reporting deadline should be confirmed against the enacted text before reliance. Under the Directive, reporting crypto-asset service providers (exchanges, brokers and custodians serving EU-resident users) must collect self-certifications of tax residence from their users, report annually to the tax authority of the state in which they are registered the users' identities and the aggregate values of their transactions and transfers, and the information is exchanged automatically between Member States. Reporting under the OECD's parallel Crypto-Asset Reporting Framework extends the exchange to non-EU jurisdictions. Once reporting begins, the Tax Department will receive third-party data on the crypto activity of Cyprus residents, and returns should reconcile to it.

● Securities

Profits from the disposal of "securities" are exempt from income tax for individuals and companies, and are outside capital gains tax except for shares in companies holding Cyprus immovable property (Chapter 09). Securities are defined as shares, bonds, debentures, founders' shares and other securities of companies or other legal persons incorporated in Cyprus or abroad, and options over them. Tax Department circulars extend the term to options, short positions, futures, forwards and swaps on securities, depositary receipts (ADRs, GDRs), rights of claim on bonds and debentures (but not rights to interest), index participations that result in securities, repurchase agreements on securities, and units in open-ended and closed-ended collective investment schemes, as well as specified participations in foreign entities (for example Russian OOO and ZAO, US LLCs that are not transparent, Romanian SA and SRL, Bulgarian AD and OOD). Promissory notes and bills of exchange are not securities. Whether a structured product, a contract for difference or a token is a security depends on its legal form; a product marketed as an investment is not automatically within the exemption.

The exemption applies whether the gain is of a capital or trading nature, so a resident individual who actively trades listed shares pays no income tax on the profits. Dividends and interest on the securities are taxed as described in Chapter 07. From 2031, gains on redemption of units or shares in corporate collective investment schemes will be reclassified as dividends.

PLANNING POINT

For a non-dom, a portfolio of shares and funds is close to tax-free in Cyprus: gains are exempt, dividends and interest bear only GHS at 2.65% (capped at €180,000 of income), and there is no wealth or inheritance tax. The remaining costs are foreign withholding taxes, which should be minimised by claiming treaty rates, and the 8% on crypto. Investors moving from a state with an exit tax on unrealised gains (for example Germany, France, the Netherlands or Spain in certain cases) should take advice on the departure charge before becoming Cyprus resident; Cyprus gives no step-up in base cost on arrival, but as the gain is exempt here the base cost is irrelevant for securities.

08

Pensions and retirement

Cyprus taxes foreign pensions at a flat 5% above €5,000 by election, exempts lump sums from approved funds, and levies no tax on the Cyprus social insurance pension beyond the ordinary bands. Combined with the absence of inheritance tax, this makes Cyprus a common retirement destination.

● Foreign pensions: the 5% election

A resident who receives a pension in respect of employment exercised outside Cyprus may elect, for each tax year, to be taxed on it at a flat 5% on the amount exceeding €5,000 (up to 2025, €3,420). If no election is made the pension is added to other income and taxed at the normal bands. The election is annual, so a retiree can compare the two methods each year. GHS at 2.65% applies to pension income under either method.

Foreign pension: 5% election versus normal rates (no other income; normal-band figures before deducting GHS)

Annual pension	5% method	Normal bands	Better method	GHS (either method)
€20,000	€750	€0	Normal bands	€530
€27,667	€1,133	€1,133	Break-even	€733
€30,000	€1,250	€1,600	5% method	€795
€50,000	€2,250	€6,900	5% method	€1,325

The normal-band column is computed on the gross pension. Deducting the GHS paid (allowed under the normal-band method only) lowers those figures slightly (€1,441 at €30,000; €6,502.50 at €50,000) and moves the break-even from about €27,667 to about €28,680; the examples state which basis they use. Where the retiree has other income (rent, a Cyprus salary, a second pension taxed at normal rates), the normal-rate alternative for the foreign pension is computed at the marginal rate and the 5% method becomes attractive at a lower pension.

CAUTION — TREATY FIRST

The 5% rate applies only where Cyprus has the right to tax the pension. Under many Cyprus treaties private occupational pensions are taxable only in the state of residence (a UK or German occupational pension, for example, is within the election); government service pensions are usually taxable only in the paying state, and some treaties allocate social security or other pensions to the source state. The Cyprus–Sweden treaty in particular must be read article by article, as Swedish social security, occupational and government pensions may fall under different provisions and Sweden may retain a taxing right, Cyprus then giving credit. Check each pension against the relevant treaty article before electing; a Cyprus tax residence certificate is normally needed to stop withholding at source.

● Lump sums, provident funds and commutation

Capital sums received by individuals from approved provident funds, pension funds, medical schemes and life insurance policies, lump sums on the commutation or conversion of a pension, gratuities on death and lump sum compensation for death or injury are exempt from income tax. Lump sums and gratuities paid to employees are outside GHS. Employer contributions to an approved provident fund are deductible for the employer up to 10% of the employee's remuneration and are not taxed on the employee, and the employee's own contributions are deductible within the one-fifth basket (Chapter 04). Interest earned by pension and provident funds bears SDC at 3%.

WORKED EXAMPLE — RETIREMENT PACKAGE

Dimitris retires in 2026. He receives €180,000 from his employer's approved provident fund (exempt), an ex gratia retirement payment of €50,000 (within the €200,000 exemption) and a foreign occupational pension of €36,000 a year. On the pension he elects the 5% method: $5\% \times (\text{€}36,000 - \text{€}5,000) = \text{€}1,550$, against €2,761.50 at normal rates after deducting GHS of €954 (chargeable income €35,046: $\text{€}2,000 + 25\% \times \text{€}3,046$), or €3,000 before that deduction. GHS on the pension is €954 under either method. Any Cyprus social insurance pension he later receives is taxed at normal rates; the election covers only the foreign pension.

Widow's and widower's pensions

A widow's or widower's pension from Cyprus sources is taxed at a flat 20% above €22,000 (up to 2025, €19,500) unless the recipient elects for the year to add it to other income at the normal bands; GHS is 2.65%.

Life insurance policies

Premiums are deductible up to 7% of the sum insured within the one-fifth basket, and capital sums paid on maturity or death are exempt. From 2026 part of a partial surrender is taxable: within four years of the policy date, 50% of the surrender; thereafter, 50% of the excess of the surrender over the cash surrender value at 31 December of the fourth year before the surrender year (reduced by the excess of partial surrenders in the three preceding years over premiums paid in them). Cancellation within six years also triggers the claw-back in Chapter 04.

The Cyprus social insurance pension

Contributions to the Social Insurance Fund build entitlement to the statutory old-age pension, subject to a minimum contribution record; insurance periods in other EU and EEA states and bilateral-agreement states are aggregated, each state paying a pro rata pension. The statutory pension is taxed at normal rates with GHS at 2.65%; it is not a foreign pension and cannot be taxed at 5%.

09

Property, capital gains and inheritance

Cyprus taxes gains on Cyprus immovable property at 20% with generous lifetime exemptions, charges transfer fees or VAT on acquisition, imposes a 0.4% levy on disposals and has no inheritance, estate, gift or annual property tax.

● Buying: VAT, transfer fees and stamp duty

The purchase of a new building (first supply before first use) from a developer is subject to VAT at 19%; a purchase of resale property, or of a building supplied after first occupation, is exempt from VAT and instead attracts land registry transfer fees. Undeveloped building land sold in the course of business is subject to VAT. Stamp duty on contracts is abolished for documents executed from 1 January 2026; contracts signed up to 31 December 2025 remain subject to the old duty (0.15% on the value between €5,001 and €170,000 and 0.2% above, capped at €20,000).

Land registry transfer fees (payable by the acquirer)

Market value	Rate	Fee in band	Cumulative
First €85,000	3%	€2,550	€2,550
€85,001 – €170,000	5%	€4,250	€6,800
Over €170,000	8%	—	€6,800 + 8% of excess

No transfer fees where the purchase is subject to VAT; otherwise the fees are reduced by 50%. Free transfers: parent to child nil; spouses and relatives up to the third degree 0.01% of value; to trustees €50. Mortgage registration 1% of the loan. Company reorganisations and qualifying debt-for-asset swaps are exempt.

WORKED EXAMPLE — ACQUISITION COSTS

A resale apartment bought for €300,000 is exempt from VAT. Transfer fees are €2,550 + €4,250 + 8% × €130,000 = €17,200, reduced by 50% to **€8,600**. Bought new from a developer it would bear VAT of 19% × €300,000 = €57,000 and no transfer fees, or €15,000 at the 5% main-residence rate if the conditions below are met. No stamp duty is payable on a 2026 contract.

The 5% VAT rate for a primary residence

The reduced rate of 5% applies to the acquisition or construction of a residence used as the buyer's primary and permanent residence in Cyprus, on the first 130 m² of buildable area and up to a value of €350,000, provided the total value does not exceed €475,000 and the total buildable area 190 m² (individuals with disabilities: the first 190 m² regardless of total area). Transitional rules preserve the previous regime (5% on

the first 200 m² without value limits) where planning permission was obtained or applied for by 31 October 2023; delayed transitional applications may be examined up to 31 December 2026. The rate is granted only on prior application filed before delivery. A person who ceases to use the residence as a primary residence within ten years must notify the Commissioner within 30 days and repay the VAT difference for the remaining years (except on death or transfer to an adult child beneficiary), and may then apply for another residence. Full detail is in Guide 02, Cyprus and EU VAT Guide.

● Capital gains tax on disposal

Capital gains tax (CGT) is charged at 20% on gains from the disposal of immovable property situated in Cyprus, of shares in companies that directly own such property, and, from 2026, of shares in companies that directly or indirectly participate in property-owning companies where at least 20% of the market value of the shares derives from the Cyprus property (previously 50%); in a share disposal only the property-related part of the gain is taxed. Shares listed on a regulated market of a recognised stock exchange are excluded; from 2026 shares listed only on an unregulated market are within CGT unless annual disposals do not exceed €50,000 (shares so listed and held at 31 December 2025 remain exempt). Disposal includes sale, exchange, lease, gift, abandonment of a right, the grant of an option and sums received on cancellation of a sale; related-party disposals are taxed at market value, and property trading profits exempt under the Income Tax Law are caught by CGT instead.

Computing the gain

The gain is the disposal proceeds less the higher of cost and market value at 1 January 1980 (cost and post-1980 improvements indexed by the consumer price index to the date of disposal), less expenses of acquisition and disposal (related loan interest, transfer fees, legal fees, agents' commission).

Lifetime exemptions for individuals

Disposal	2026	Up to 2025
Private principal residence (subject to conditions)	€150,000	€85,430
Agricultural land disposed of by a farmer	€50,000	€25,629
Any other disposal	€30,000	€17,086
Overall lifetime maximum	€150,000	€85,430

The exemptions are cumulative lifetime amounts, not per disposal; use of one reduces the capacity for the others within the overall maximum. An individual who exhausted the old maximum before 2026 has the difference available for future disposals. The €150,000 residence allowance is set against the gain, not against the property's value: it applies only where the dwelling was owned and occupied as the principal residence for the minimum period, and to land within the maximum area, prescribed by the Capital Gains Tax Law; the balance of the gain is taxable at 20%.

Disposals outside CGT include: land (with or without buildings) acquired at market value from an unrelated party between 16 July 2015 and 31 December 2016 (not by exchange, donation or foreclosure); transfers on death; gifts between spouses, parent to child and between relatives up to the third degree; gifts to a family company whose shareholders remain family members for five years, and gifts by such a company to shareholders of property it received as a gift (donee holding for three years); gifts to approved charities, the Republic, local authorities and political parties; qualifying reorganisations and loan-restructuring transfers (below); expropriations and Agricultural Land (Consolidation) Laws disposals; exchanges to the extent the gain is reinvested in the property received (deferral); and, from 2026, the exchange of land with a developer for properties to be built, or land division, where titles issue within five years.

Loan restructurings: a separate exemption. A distinct relief applies to disposals made in a qualifying loan restructuring with a licensed lender: the transfer of a private principal residence is exempt where the proceeds do not exceed €450,000 (up to 2025, €350,000), and qualifying debt-for-asset swaps are likewise exempt, subject to conditions. The €450,000 figure belongs only to this relief; an ordinary open-market sale of a home is chargeable on the gain after the €150,000 lifetime allowance.

WORKED EXAMPLE — SALE OF A HOME

Eleni bought her Nicosia house in 2010 for €250,000, has lived in it as her principal residence throughout, and sells it on the open market in 2026 for €500,000. Assume the indexed cost is €300,000 (the actual index applies at the date of sale) and allowable expenses (original transfer fees, legal costs, agent's commission) are €10,000. The gain is €190,000. The occupation and land conditions are met and no lifetime allowance has been used, so she deducts €150,000, leaving €40,000 taxable at 20%: CGT of **€8,000**, plus the 0.4% levy on €500,000, €2,000; her lifetime allowance is exhausted. Had she sold for €440,000 the gain would have been €130,000: no CGT, but €130,000 of the allowance would be used, leaving €20,000 for a later disposal. Had only €100,000 of the lifetime maximum remained (after, say, a farmland disposal using €50,000), CGT would have been $20\% \times €90,000 = €18,000$.

The 0.4% levy and other charges

A 0.4% levy for the Central Agency for the Equal Distribution of Burdens is charged on the seller on the consideration for all disposals of Cyprus immovable property, and on the latest general valuation for disposals of shares in unlisted companies holding Cyprus property directly or indirectly; debt-for-asset swaps, reorganisations and listed shares are exempt. CGT and the levy are payable within 30 days of the disposal. Immovable Property Tax was abolished from 2017; only municipal and sewerage charges remain.

● Inheritance, gifts and succession

Cyprus has no inheritance tax, estate duty (abolished for deaths from 1 January 2000) or gift tax, although the executor must file a statement of the deceased's assets and liabilities within six months of death and settle outstanding tax before distribution. Transfers on death, and lifetime gifts of Cyprus property to a spouse, children or relatives up to the third degree, are outside CGT and attract nominal transfer fees, the donee taking the donor's base cost.

Succession is a different matter from tax. Under the EU Succession Regulation (650/2012) the law governing the succession of a person who dies habitually resident in Cyprus is Cyprus law for the whole estate, including most foreign assets, unless the person has chosen the law of his or her nationality in a will. Cyprus succession law provides for forced heirship: where the deceased leaves a spouse and children, only a limited share (broadly one-quarter) is freely disposable by will, so a will from a testamentary-freedom jurisdiction leaving everything to a spouse may be partly ineffective. The remedy is a will that expressly chooses the law of nationality, valid in each state where assets are held, together with a review of foreign inheritance taxes on assets situated in, or heirs resident in, those states.

PLANNING POINT

Holding a Cyprus family home through a company invites the 10% disguised dividend charge on private use from 2026 and does not avoid CGT on a later sale; a direct personal holding, a will choosing the applicable succession law and lifetime gifts to children where appropriate are usually simpler and cheaper.

10

Immigration: choosing the route

Tax residence is not permission to live or work in Cyprus. EU citizens register; third-country nationals need a residence permit whose category determines what they may do, how long it lasts, whether family may join them and whether it leads to permanent residence or citizenship.

● Entry and visas

Citizens of EU Member States, Iceland, Liechtenstein, Norway and Switzerland need no visa and may enter with a passport or a photographic national identity card. Nationals of many other countries may enter as bona fide visitors for up to 90 days without a visa under bilateral arrangements; others require a short-stay (multiple-entry) visa, which permits visits not exceeding three months in any half-year from first entry. Cyprus is not yet in the Schengen area, so Schengen visas do not confer entry as such, although holders of valid Schengen visas and permits are admitted under Cyprus's own rules. Airport transit visas are required for nationals of a list of states (including Afghanistan, Bangladesh, Iran, Iraq, Nigeria, Pakistan, Sri Lanka and Türkiye) unless they hold an EU, EEA, US, Canadian or Japanese residence permit. A person taking up employment who requires a visa is normally issued an entry permit once the employer's application is approved and must complete the residence card formalities within three months of arrival.

CAUTION

A visitor may not work. A third-country national who arrives visa-free or on a short-stay visa and begins remote work for a foreign employer, or takes a directorship of a Cyprus company that is exercised in Cyprus, is working without a permit, even if no Cyprus employer is involved. The Digital Nomad permit, the foreign-interest company route or another category should be secured before the work starts. Separately, exceeding 183 days in the year, or 60 days with a home and Cyprus employment or office, makes the person Cyprus tax resident regardless of immigration status.

● Overview of the routes

Residence routes at a glance

Route	Who	Core requirement	Duration and progression	Work rights
EU registration certificate ("yellow slip")	EU, EEA and Swiss citizens and their family members	Employment, self-employment, study, or sufficient resources with health insurance; apply within one month after the first three months	Indefinite; permanent residence certificate after five years' continuous legal residence	Full
Employment with a company of foreign interests (BFU route)	Third-country nationals	Employer registered with the Business Facilitation Unit as a foreign-interest company; gross salary of at least €2,500 a month; relevant qualifications or experience and an employment contract	Initial permit up to three years, renewable; counts towards long-term residence and the accelerated naturalisation route	For the sponsoring employer; spouse may obtain access to employment
General employment (labour-market test)	Third-country nationals	Employer obtains labour office consent that no Cypriot or EU resident is available; salary below €2,500 a month or employer not a foreign-interest company	Normally one year, renewable up to four years (some sectors without limit); examination indicatively up to four months	For the sponsoring employer
EU Blue Card	Highly qualified third-country nationals	Eligible ICT, pharmaceutical research or shipping (non-seafaring) role; gross salary at least €43,632 a year; degree or, for ICT, three years' experience in the last seven	Renewable; conditional short- and long-term mobility to other participating Member States; streamlined path to long-term residence	Highly qualified employment; family reunification with enhanced rights
Intra-corporate transfer (ICT permit)	Managers, specialists and trainees transferred from a non-EU group entity	Prior employment with the group; transfer to a Cyprus group entity	Up to three years (managers, specialists) or one year (trainees); short-term and long-term mobility to other Member States	Any group company in Cyprus
Digital Nomad visa	Non-EU/EEA remote workers	Work performed remotely for an employer or clients abroad; net monthly income at least €3,500; quota of 500 permits	One year, renewable for two more; family may reside but not work	Remote work for foreign employer or clients only
Startup Visa	Non-EU founders of innovative enterprises	Innovative business plan approved by the competent authority; founder or team; capital and ownership conditions per the current scheme documents	Initial period with renewal subject to business progress	Founder and, within limits, key staff

Route	Who	Core requirement	Duration and progression	Work rights
Immigration permit by investment (Regulation 6(2))	Third-country investors	Investment of at least €300,000 in a qualifying category; secured annual income of at least €50,000 (plus €15,000 for a spouse and €10,000 per dependent minor child), from abroad for the residential category; clean record	Permanent permit; investment must be retained; the residence card itself is renewed periodically	None, except as director of the investee company
Temporary residence permit as a visitor ("pink slip")	Third-country nationals with means	Sufficient income from abroad, accommodation, health insurance and a bank deposit; no economic activity	One year, renewable	None
Family reunification	Spouses and minor children of permit holders	Sponsor holds an eligible permit (for example foreign-interest company employee or Blue Card); accommodation, income and insurance; form MFR1	Aligned to the sponsor's permit	Spouses of foreign-interest company and Blue Card holders may apply for access to employment
EU long-term resident status	Third-country nationals	Five years' continuous legal residence, stable resources, health insurance, integration conditions	Permanent, renewable card	Full
Citizenship by naturalisation	Long-term residents; accelerated route for highly skilled employees	Eight years' physical stay within eleven (five or four for qualifying highly skilled employees); Greek language; good character; means	Cypriot and EU citizenship	Full

Conditions are summarised from published scheme criteria in force at the review date; quotas, fees and document lists change frequently and must be checked when an application is prepared. The former Cyprus investment programme for citizenship is closed. Routes for students, researchers, seasonal workers, domestic workers and asylum are outside the scope of this guide.

● EU, EEA and Swiss citizens

An EU citizen may enter and stay for up to three months with a valid passport or identity card and no formalities. A citizen who intends to stay longer or to begin employment must apply to the Civil Registry and Migration Department for a registration certificate (commonly called the "yellow slip") within one month after the end of the first three months. Registration is granted on the basis of employment or self-employment in Cyprus, enrolment as a student with health insurance and sufficient resources, or sufficient resources and comprehensive health insurance not to become a burden on the social assistance system. Family members who are themselves EU citizens register on the same basis; third-country family members receive a residence card. After five years of continuous legal residence the citizen and family members may apply for a permanent residence certificate. Registration is an immigration formality: it does not by itself make the person Cyprus tax resident, nor does it exempt the person from tax if the residence tests are met.

● Third-country nationals: selecting the category

The route follows the activity. Employment for a Cyprus employer leads to the foreign-interest company route, the Blue Card or the general employment procedure; a transfer within a multinational to the ICT permit; remote work for a foreign employer or foreign clients to the Digital Nomad visa; founding an

innovative business to the Startup Visa; and residence financed by capital or foreign income without work to the investor permit or the visitor permit. The rights differ in ways that matter to a family: only some routes carry family reunification with a right to work for the spouse, only some count fully towards long-term residence and citizenship, and only some permit a change of employer without a new application.

Permanent residence and long-term residence

Two durable statuses exist for third-country nationals. The immigration permit under Regulation 6(2) (Chapter 11) is granted on investment, is permanent from the outset subject to retention of the investment, and does not permit employment. EU long-term resident status (Directive 2003/109/EC) is available after five years of continuous legal residence on most permits, with stable resources, health insurance and integration conditions, and carries full access to employment and facilitated mobility to other Member States; Blue Card holders benefit from a streamlined route even where the five years were spent in different Member States. Absence for a continuous period exceeding three months while holding a temporary permit causes the permit to lapse, and longer absences break the continuity required for long-term status and naturalisation.

● Citizenship by naturalisation

Following the 2023 and 2024 amendments to the Civil Registry Law, an application for naturalisation may be made by a person who has completed at least eight years of physical stay in Cyprus within the eleven years preceding the application, with legal and continuous residence in the final twelve months (absences of up to 90 days in that year do not break continuity). The applicant must hold a B1 Greek language certificate and a certificate of basic knowledge of Cyprus history and society, be of good character, be financially self-sufficient and intend to stay in Cyprus.

An accelerated route applies to highly qualified third-country nationals employed by companies of foreign interests and other eligible employers as determined by the Council of Ministers. Such employees may apply after five years of physical stay within the preceding eleven years with an A2 Greek certificate, reduced to four years with a B1 certificate; absences of up to 90 days a year are not deducted. Spouses and civil partners may apply on the same conditions, and minor children who reach 18 while the parent's application is pending may apply immediately after the parent's naturalisation with a clean criminal record. Accelerated applications are examined indicatively within eight months on payment of an expedition fee. Applications submitted before the amendments took effect are examined under the earlier criteria. Approval is discretionary; an indicative eligibility date is not a guaranteed date of citizenship.

WORKED EXAMPLE — TIMELINES FOR A RELOCATING ENGINEER

Raj, an Indian software engineer, is hired by a Limassol technology company registered as a company of foreign interests at €60,000 a year and arrives with his wife and daughter in September 2026. His temporary residence and employment permit is issued for up to three years (indicatively within a few weeks of a complete filing), his wife obtains a family reunification permit with access to employment, and both register for tax and social insurance. He qualifies for the 50% employment exemption (Chapter 03) from 2026 if he has never worked in Cyprus and was non-resident for 15 years. If he obtains a B1 Greek certificate, he may apply for naturalisation from late 2030 after four years' physical stay; with A2 only, from late 2031. Under the ordinary rule he would wait until 2034. A Blue Card would have been available as an alternative, since the salary exceeds €43,632 and ICT is an eligible sector, and would have carried the Directive's conditional intra-EU mobility rights; the choice depends on whether he expects to move to another participating Member State.

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The permit routes in detail

Most third-country nationals who work in Cyprus do so under the foreign-interest company route, the EU Blue Card launched in July 2025 or the intra-corporate transfer permit. Those who are not employed by a Cyprus company look to the permanent immigration permit for investors, the Digital Nomad visa or the Startup Visa.

● Companies of foreign interests and the Business Facilitation Unit

A company that qualifies as a company of foreign interests (the successor to the international business company regime) may register with the Business Facilitation Unit (BFU) of the Ministry of Energy, Commerce and Industry and then obtain residence and employment permits for third-country employees under a simplified procedure through the Civil Registry and Migration Department. A company qualifies if it meets one of the following conditions.

- The majority of its shares are owned by third-country nationals.
- The third-country participation is 50% or less but has a value of at least €200,000 (the sources refer to this foreign participation threshold; the BFU also requires evidence that the ultimate beneficial owners have invested that amount in Cyprus, and the current published criteria should be checked at registration).
- It is listed on a recognised stock exchange.
- It is a former offshore (international activities) company whose data are held by the Central Bank.
- It is a Cyprus shipping company, a high-technology or innovation company, or a pharmaceutical, biogenetics or biotechnology company.
- A majority of its share capital is owned by persons naturalised on economic criteria who continue to meet the conditions of their naturalisation.
- It is a licensed private institute of tertiary education.

Registration requires proof of the shareholding and beneficial owners, evidence of the investment and of establishment (registered office, premises, bank account) and a description of the business. The company must maintain the conditions and update the BFU on changes; a change in shareholding that takes the company outside the criteria affects all its third-country staff.

● Employees of foreign-interest companies

Permit criteria for third-country employees of registered companies

Criterion	Highly skilled employees	Support staff
Minimum gross salary	At least €2,500 a month	Below €2,500 a month
Qualifications	University degree or equivalent, or relevant experience (the sources cite at least two years) in a corresponding role	No qualification requirement
Contract	Employment contract, the sources refer to a minimum duration of two years	Employment contract
Labour-market test	None	Consent of the Department of Labour required where the company's support staff exceed the permitted proportion
Permit duration	Up to three years, renewable	Normally one year, renewable
Processing time (indicative only)	A few weeks from a complete filing under current service standards; not guaranteed	Longer; general procedure indicatively up to four months
Family reunification	Yes, with spouse's access to employment	Family may reside as visitors

The BFU policy also limits the proportion of third-country nationals in a company's workforce, with a five-year period to reach the required balance and exceptions where suitable Cypriot or EU staff cannot be found; the percentage must be confirmed for each employer at the time of application. Any renewal concession for permits granted under an earlier version of the policy is separate from the criteria for new applicants shown here.

- 01 Register the company.** File the BFU registration with corporate documents, beneficial ownership evidence, proof of investment and premises.
- 02 Apply for the employee.** The employer files the application with the Civil Registry and Migration Department: passport, contract (stamped by the Department of Labour where required), qualifications, criminal record certificate, medical tests, health insurance, bank guarantee and fees; documents must be officially translated and certified or apostilled.
- 03 Entry.** Where a visa is required an entry permit is issued; the employee enters and must submit the remaining documents within three months so that the residence card can be issued.
- 04 Biometrics and card.** Photograph, fingerprints and signature are captured at the Migration Department or the district immigration police unit; the card is collected on notification.
- 05 Registrations.** Obtain a tax identification number, register with the Social Insurance Services and the GHS and open a bank account; payroll and contributions start from the first month.
- 06 Family.** File form MFR1 for the spouse and minor children under family reunification; spouses may apply for access to employment.
- 07 Renewal.** Apply at least one month before expiry with updated contract, insurance and proof of compliance; an absence of more than three consecutive months cancels the permit.

CAUTION

Registration of a company does not entitle every shareholder, director or relative to a permit. A shareholder who wishes to reside in Cyprus needs a permit in his or her own right (a genuine salaried role at or above the €2,500 threshold, a salaried directorship, or another category); directors and shareholders who exercise their functions from Cyprus without a permit are in breach of the Aliens and Immigration Law even where the company is registered.

General employment with a labour-market test

Where the employer is not a registered company of foreign interests, or the salary is below €2,500 a month, the employer must first obtain the consent of the Department of Labour by showing that no Cypriot or EU national residing in Cyprus is available for the post. The process is lengthy and uncertain and depends on the job description; agriculture, domestic work, hospitality and certain trades carry sector-specific quotas and conditions. Consent is usually given for one year, renewable up to four years in total except for categories such as agricultural workers and cooks. The permit then follows the ordinary procedure, with an examination period indicatively of up to four months.

● **The EU Blue Card**

Cyprus implemented the recast EU Blue Card Directive (2021/1883) through amendments to the Aliens and Immigration Law, and the Civil Registry and Migration Department confirmed that applications opened on 7 July 2025. The Blue Card is aimed at highly qualified employment and, in its initial Cyprus form, is confined to specified sectors.

Cyprus EU Blue Card criteria and benefits

Element	Position
Eligible professions	Specified information and communication technology positions; researchers in the pharmaceutical sector; shipping-sector positions excluding captains and crews
Minimum salary	Gross annual salary of at least €43,632
Qualification	Relevant university degree; or, for the ICT sector only, at least three years of relevant professional experience within the previous seven years
Contract	Binding job offer or contract for highly qualified employment (the recast Directive sets a minimum duration of six months)
Mobility	Short-term: business activity in other Member States applying the Directive (all except Denmark and Ireland) for up to 90 days in any 180, for documented business reasons. Long-term: after twelve months as a Cyprus Blue Card holder, application for a Blue Card in a second participating Member State under that state's rules. No general access to other EU or EEA labour markets, and no Schengen rights as such (Cyprus is outside the Schengen area)
Unemployment	Unemployment that is notified and within the period the Directive allows (three months; six after two years as a holder) does not by itself lead to withdrawal of the Card: this preserves residence status only. Entitlement to unemployment benefit is a separate question under the Social Insurance Law and the contribution record

Element	Position
Family	Immediate eligibility for family reunification with enhanced rights, including the spouse's access to employment
Long-term residence	Streamlined pathway to EU long-term resident status, including where periods were spent in different Member States

PLANNING POINT

For an employee who meets both tests, the choice between a BFU-route permit and a Blue Card turns on mobility: the BFU permit is familiar to local employers, while the Blue Card facilitates a later move to another participating Member State under that state's Blue Card rules, allows periods spent in different Member States to count towards long-term status and gives the family stronger rights. The salary floor is reviewed annually and should be checked before an offer is finalised.

Intra-corporate transfers

A third-country national employed by a non-EU undertaking may be transferred temporarily to a Cyprus entity of the same group as a manager, specialist or trainee under the ICT permit, provided he or she does not reside in an EU Member State at the time of application and is bound by a work contract before and during the transfer. Where Cyprus is the first Member State (the state of longest stay) the Cyprus employer files the application while the assignee is abroad; the card is issued for up to three years (managers and specialists) or one year (trainees), or the duration of the transfer if shorter, and permits work for any Cyprus group company. Where Cyprus is a second Member State, a holder of a valid ICT permit from the first state may work in Cyprus for up to 90 days in any 180 without a Cyprus permit; for longer periods a long-term mobility permit is needed. ICT assignees usually remain in the home social security scheme under an A1 certificate or bilateral agreement (Chapter 05) but become Cyprus tax resident if the residence tests are met.

Family members of permit holders

Dependants of foreign-interest company employees and Blue Card holders apply under the family reunification provisions (form MFR1), the sponsor showing accommodation, income and health insurance; spouses may apply for access to employment, allowing work for any employer without a labour-market test. Dependants of other employees may reside as visitors, without a right to work. A valid driving licence issued by another EU Member State is generally recognised after the holder takes up residence; exchange or renewal is required only in specific cases (expiry, loss or damage, national validity rules for the category, enforcement circumstances), and six months' residence is not a universal exchange deadline. Holders of non-EU licences may drive for up to six months after taking up residence, after which the licence is exchanged where a reciprocal arrangement exists and, otherwise, theory and practical tests are required.

- ✔ Confirm the employer's BFU registration and the proportion of third-country staff before the offer is signed.
- ✔ Fix the gross salary at not less than €2,500 a month (or €43,632 a year for a Blue Card) and document qualifications or experience.
- ✔ Assemble apostilled and translated documents: passport, degree, criminal record certificate, marriage and birth certificates for family, medical tests, insurance.
- ✔ Enter on an entry permit where a visa is required and complete the card formalities within three months.
- ✔ Register for tax, social insurance and GHS in the first month and assess the 50%, 20% or 25% employment exemption.

- ✓ Diarise renewals one month before expiry and keep absences below three consecutive months.
- ✓ Track physical presence for the accelerated naturalisation route and obtain the Greek language certificate in good time.

• Immigration permit by investment (Regulation 6(2))

Under Regulation 6(2) of the Aliens and Immigration Regulations the Minister of Interior, having notified the Council of Ministers, may grant an immigration permit to a third-country national who makes a qualifying investment and meets the quality criteria. The permit is permanent and is commonly described as the "fast-track" route because applications are examined within a comparatively short (indicative) period. The status itself is granted once; the residence card that evidences it has its own validity period and is renewed on application. The permit does not permit employment in Cyprus, other than as a director of the company in which the investment is made, and it is not a route to citizenship in itself, although the years of residence count towards naturalisation if the physical-stay conditions are met.

Qualifying investments (minimum €300,000, transferred from abroad)

Category	Conditions	Source of the €50,000 income
A house or apartment	Purchase from a development company, being a first sale, of at least €300,000 plus VAT	Must derive entirely from abroad, evidenced by the tax return of the state of tax residence
Other real estate	Offices, shops, hotels or similar developments, or a combination, with total value of €300,000; resale purchases allowed	May derive wholly or partly from activities in Cyprus
Share capital of a Cyprus company	€300,000 in the share capital of a company registered, based and operating in Cyprus with a proven physical presence and at least five employees	
Units of a Cyprus collective investment organisation	€300,000 in units of an AIF, AIFLNP or RAIF	

Disposal of the investment without immediate replacement by another qualifying investment of equal or greater value results in cancellation of the permit. Where the investment is not in a residence, the applicant must evidence accommodation in Cyprus (title, sale contract with proof of payment, or lease).

Income and quality criteria

In addition to the investment the applicant must show, at the date of application, a secure annual income of at least €50,000, increased by €15,000 for a spouse and €10,000 for each dependent minor child of the applicant or spouse; salaries, pensions, dividends, interest and rents count, and the spouse's income may be included. The applicant and spouse must submit clean criminal record certificates from the country of origin and the country of residence, must not be considered a threat to public order or security, and must confirm that they will not undertake employment in Cyprus other than as directors of the investee company; where the investment is not in share capital they may be shareholders and unpaid directors of Cyprus companies and receive dividends from them.

After grant, the continuing conditions are those of the published policy as clarified by the Migration Department from time to time: retention of the investment, health insurance where required, and renewed criminal record certificates and other confirmations at the prescribed intervals. The rules for other dependants (adult children in education, parents) and the effect of prolonged absence from Cyprus are likewise set by the current policy and should be confirmed at the time of application.

WORKED EXAMPLE — INVESTOR FAMILY

A couple with two minor children buy a new apartment in Paphos from a developer for €320,000 plus VAT and hold it. They must show secure annual income from abroad of €50,000 + €15,000 + 2 × €10,000 = **€85,000**, proven through the tax return of their current state of residence. The apartment attracts VAT at 19% (€60,800) unless the 5% primary-residence rate is obtained (€16,000); no transfer fees apply to a VAT-able purchase, and no stamp duty applies from 2026. If they later become Cyprus tax resident, their foreign dividends and interest bear no SDC as non-doms and GHS at 2.65%; their foreign pensions can be taxed at 5%. If they sell the apartment and buy a resale property instead, the permit is cancelled because a resale house does not qualify under the first category.

CAUTION

Holding the investor permit does not require, and does not create, Cyprus tax residence. A holder who spends fewer than 60 days a year in Cyprus remains taxable where he or she actually lives. Conversely, a holder who moves to Cyprus with the family becomes tax resident and must file returns, pay GHS on worldwide investment income and register for social insurance if any directorship is remunerated.

● **Digital Nomad visa**

The Digital Nomad Visa Scheme allows non-EU and non-EEA nationals who can work remotely using telecommunications technology to reside temporarily in Cyprus while working for an employer registered abroad or for clients located abroad. It is subject to a quota (500 permits, with roughly 300 places remaining in March 2025); availability should be checked before an application is planned.

Digital Nomad visa: conditions and rights

Element	Position
Eligibility	Non-EU/EEA national working remotely for a company registered abroad or, if self-employed, for clients located abroad
Income	Stable and sufficient net monthly income of at least €3,500 after taxes and contributions; whether, and by how much, the required amount is increased where family members accompany the applicant should be confirmed against the current scheme guidance before an application is prepared
Duration	Residence permit for one year, renewable for a further two years
Family	Spouse or civil partner and minor children may reside for the same period on their own permits, without employment or economic activity in Cyprus
Application	Within three months of arrival, by appointment at the Migration Department in Nicosia (or from within Cyprus by a person legally resident under another status); documents officially translated and certified; fees payable; incomplete applications are not accepted

Element	Position
Biometrics	Photograph, fingerprints and signature captured on filing or afterwards; photo only for children under six
Renewal	Application at least one month before expiry, with the accompanying documents and fee
Tax residence	The scheme guidance notes that a holder who stays more than 183 days in a tax year becomes Cyprus tax resident; the 60-day rule may also apply (Chapter 02)

CAUTION — NO TAX EXEMPTION

The Digital Nomad visa carries no tax privilege. A holder who becomes Cyprus tax resident is taxed on worldwide income, with social insurance and GHS on duties performed in Cyprus and on self-employment profits; the 20% or 50% exemptions may apply if their conditions are met. The foreign employer may acquire Cyprus payroll obligations and a permanent establishment risk, and a self-employed nomad with foreign business clients will normally need a VAT registration for VIES purposes (Chapter 06). Treaty relief in the home state depends on the tie-breaker (Chapter 02).

● Startup Visa

The Cyprus Startup Visa scheme, administered by the Deputy Ministry of Research, Innovation and Digital Policy, allows non-EU founders (individually or as a team) to establish and manage an innovative enterprise in Cyprus; the current programme window runs to the end of 2026. The enterprise must be shown to be innovative (qualifying research and development expenditure or an independent assessment), be established and managed in Cyprus and meet the capital, ownership and business-plan requirements of the current official scheme documents; the initial permit is renewed on evidence of progress (revenue, employment, investment or research milestones) and family members may accompany the founder. The detailed parameters (team size, minimum founder shareholding, minimum capital and permit durations) are set by the scheme documents in force at the date of application and should be taken from the Deputy Ministry's current application pack; they are not reproduced here.

Comparison of the three non-employment routes

Feature	Investor permit	Digital Nomad	Startup Visa
Financial threshold	€300,000 investment plus €50,000 secured income (€15,000 for a spouse; €10,000 per dependent minor child)	€3,500 net monthly income (family increase, if any, per current guidance)	Approved innovative business plan; capital and ownership conditions per the current scheme documents
Status; citizenship	Permanent permit (residence card renewed periodically); ordinary naturalisation route	Temporary: 1 + 2 years; ordinary route	Temporary, renewable on progress; ordinary route
Work in Cyprus	No (director of investee company only)	Remote work for foreign employer or clients only	Founding and managing the enterprise
Family	Spouse and dependent minor children included; other dependants per current policy	May reside; may not work	May reside

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Relocation planning and departure

A successful move to Cyprus is sequenced: exit the home state cleanly, arrive with the right permit, establish residence on a date that is documented, and register with each authority in the first weeks. Leaving Cyprus later requires the same discipline in reverse.

● Before departure from the home state

The home state's rules on ceasing residence decide when its worldwide tax charge ends and whether an exit charge applies. Many states treat a person as resident for the whole year of departure or apply a conditional split-year test; several keep the person within the charge for a period after leaving (the United Kingdom's temporary non-residence rules, Sweden's five-year essential-ties presumption and ten-year capital gains rule, Germany's extended limited tax liability). Exit taxes on unrealised gains in shareholdings apply in Germany (section 6 AStG), France, the Netherlands, Spain and other states above ownership or value thresholds. The relief on a move to Cyprus differs by state: some still allow deferral for a move within the EU or EEA, whereas Germany since 2022 grants no indefinite EU deferral and instead allows payment, on application, in seven equal annual instalments, normally against security, the balance falling due on a later sale or other trigger event; a return within seven years (extendable) can reverse the charge under conditions. Pension transfers, trusts, life policies, options and deferred compensation should all be reviewed before the departure date.

Pre-departure checklist

Item	Action
Home-state residence rules	Determine the departure date under domestic law and any split-year treatment; file the departure notification where required
Exit tax	Value substantial shareholdings, crypto and other assets at the departure date; apply for deferral or instalment payment where the home state allows it (Germany: seven annual instalments on application, normally against security)
Treaty tie-breaker	Plan the permanent home and centre of vital interests so that Cyprus wins the tie-breaker from the intended date
Income timing	Receive bonuses, dividends and pension lump sums after the Cyprus residence date if Cyprus exempts them, or before if the home state does
Social security	For a posting, obtain an A1 or certificate of coverage; for a permanent move, close the home scheme and confirm aggregation of periods
Property	Decide whether to sell or let the home-state property; letting keeps a foreign rental charge and may affect the tie-breaker

Item	Action
Banking and reporting	Update CRS self-certifications with banks and brokers; expect DAC8 crypto reporting
Succession	Make or update a will with a choice of law under the EU Succession Regulation

● Arrival sequence

- 01 Permit.** EU citizens apply for the registration certificate; third-country nationals enter on the permit or entry permit selected in Chapters 10 – 11 and complete biometrics within three months.
- 02 Home.** Sign a lease or complete a purchase; the permanent home is a condition of the 60-day rule and the family deductions, and the lease date evidences the start of residence.
- 03 Tax registration.** Obtain a tax identification number from the Tax Department and register on the Tax For All portal; apply for the 5% VAT approval before delivery of a new home.
- 04 Social insurance and GHS.** Register as an employee (through the employer), self-employed person or, for those without insurable activity, on the basis of residence for GHS.
- 05 Payroll reliefs.** Give the employer the evidence for the 50%, 20% or 25% exemption and the TD59 claim so that PAYE is correct from the first month.
- 06 Investments.** Give foreign payers the Cyprus tax residence certificate for treaty rates; record the domicile analysis for SDC.
- 07 Diary.** Enter the return, provisional tax, SDC/GHS and permit renewal dates (Chapter 13).

WORKED EXAMPLE — A RELOCATING FAMILY

Thomas and Sofia move from Germany to Limassol on 1 April 2026 with two children. Thomas earned €30,000 from his German employer for January to March 2026 and takes up first employment with a Cyprus company from 1 April at €120,000 a year; Sofia will not work in 2026. Both are EU citizens and register within the first month. Thomas has 275 days in Cyprus in 2026 and is resident under the 183-day rule for the whole of 2026; Sofia likewise. Thomas has never worked in Cyprus and was non-resident for the preceding 15 years, so he qualifies for the 50% exemption for 17 years. His 2026 Cyprus computation on nine months' Cyprus salary (€90,000): exemption €45,000; social insurance 8.8% on nine months of the ceiling (€51,678), €4,547.66; GHS €2,385; both within the €9,000 basket ceiling; chargeable income €38,067.34; tax €2,000 + 25% × €6,067.34 = €3,516.84. Their German dividends from 2026 bear 15% German withholding under the treaty and, as non-doms, no SDC in Cyprus; GHS at 2.65% applies.

The German salary for January to March cannot simply be left out: residence is tested for the whole calendar year, so it is within the Cyprus worldwide charge under domestic law and must be reported. The 90-day exemption does not by itself remove it (January to March 2026 contains exactly 90 days, and the rule requires more than 90 days of services abroad for a non-resident employer), so it applies only if further qualifying days abroad in 2026 take the total above 90. Relief comes instead from the Cyprus–Germany treaty (Germany may tax employment exercised there, and Thomas's permanent home and centre of vital interests were then in Germany) and from the credit for German tax. For the family deductions the relevant figure is actual 2026 family income: if that means the couple's total income for the year, €90,000 of Cyprus salary plus €30,000 of German salary give €120,000, above the €100,000 ceiling for two children, so no child, rent or green deductions are available; if measured on income chargeable in Cyprus after the 50% exemption the family would be within it. ATZ FinHub will confirm the statutory definition before filing.

Germany's exit tax under section 6 AStG applies if either has held at least 1% of a company within the last five years; on application it may be paid in seven equal annual instalments, normally against security, the balance falling due on a sale or other trigger event.

● Double tax relief and the treaty network

Cyprus credits foreign tax paid on income also taxed in Cyprus, up to the Cyprus tax on that income, whether or not a treaty exists; the credit applies to income tax and, for dividends and interest, to SDC. Where a treaty applies, its allocation of taxing rights governs which state may tax each category and the tie-breaker resolves dual residence. Cyprus has treaties with the following jurisdictions.

Cyprus double tax treaties in force

Andorra, Armenia, Austria, Azerbaijan, Bahrain, Barbados, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Guernsey

Hungary, Iceland, India, Iran, Ireland, Italy, Jersey, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Luxembourg, Malta, Mauritius, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Qatar

Romania, Russian Federation, San Marino, Saudi Arabia, Serbia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Thailand, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan; the USSR treaty (honoured with CIS republics) and the Yugoslavia treaty (generally honoured with successor states)

Treaty withholding rates and notes on individual treaties are tabulated in Guide 05, Cyprus Companies Tax Guide. The Russia treaty is affected by Russia's 2023 suspension of certain articles; verify the current position for any Russia-source income.

Banking, reporting and practical matters

Cyprus banks apply enhanced due diligence to new residents (permit or yellow slip, tax identification number, proof of address, source of funds); account opening can take several weeks and should be started before the move. Under the Common Reporting Standard foreign institutions report accounts of Cyprus residents to the Tax Department once the self-certification is updated. A foreign employer paying a Cyprus-resident employee should consider payroll registration or an employer-of-record; without PAYE the employee pays by self-assessment and provisional tax.

● Leaving Cyprus

Cyprus imposes no exit tax on individuals: there is no charge on unrealised gains on ceasing residence, and no continuing charge on former residents other than on Cyprus-source income (Cyprus rent, employment exercised in Cyprus, Cyprus pensions and CGT on Cyprus property, which applies to residents and non-residents alike). A person deemed domiciled under the 17-year rule remains so for SDC until 20 years of non-residence have elapsed. The departing individual should file a final return, settle SDC and GHS to the date of departure, notify the Tax Department, the Social Insurance Services and the GHS, surrender or allow the permit to lapse (an investor permit is cancelled if the investment is sold), and obtain a tax residence certificate for the last year of residence. Records are kept for at least six years after the last return is filed, and longer while any assessment for those years is open (Chapter 13).

PLANNING POINT

Residence is tested on the calendar year without apportionment: a person leaving early in a year (before 60 days, or with no Cyprus home or employment at 31 December) is non-resident for the whole year, while a person leaving in the second half remains resident for the whole year. Plan the departure date, and any large foreign receipt around it, with the new state's arrival rules so that the income is not resident-taxed in both states, or in neither.

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Returns, payments, penalties and annual checklist

From tax year 2026 every Cyprus tax resident aged 25 to 70 must file a return, whether or not there is income to declare. This chapter sets out who files, when, how tax is paid, what happens on default, and brings the guide together in five full worked examples.

● Who must file

Up to tax year 2025 all individuals were in principle required to file, but annual decrees of the Council of Ministers exempted individuals with gross income not exceeding €19,500. From tax year 2026 the following must submit an annual income tax return (form TD1): Cyprus tax resident individuals aged between 25 and 70 (the sources describe this as having completed 25 years but not 71), regardless of whether they have taxable income; Cyprus tax resident individuals earning income subject to tax; and non-resident individuals earning Cyprus-source income subject to tax. The Council of Ministers retains power to exempt categories by decree. A nil liability does not remove the obligation: a student aged 25 with no income, a non-dom whose only income is exempt dividends, and a retiree whose foreign pension is below €5,000 must each file.

Returns are filed electronically through the Tax For All (TFA) portal (the successor to TAXISnet) after registration for a tax identification number; spouses file separately. From 2026 the self-assessment of SDC and GHS on foreign dividends and interest is made with the return, while GHS on Cyprus rent continues to be self-assessed half-yearly.

● Deadlines and payment

Individual filing and payment deadlines (statutory dates; extensions are common)

Obligation	Deadline	Notes
Income tax return of an employee, pensioner or self-employed person not required to prepare audited or reviewed financial statements, and payment of the balance of tax by self-assessment	31 July following the tax year (2026 return and payment: 31 July 2027)	Subject to any specific extension decree; the 2025 return deadline was set at 31 October 2026 by the published diary

Obligation	Deadline	Notes
Income tax return and payment of the final self-assessment tax of a self-employed person required to prepare audited or, where eligible, reviewed financial statements (turnover plus other gross income above €120,000)	31 January of the second year following the tax year (2026 return and payment: 31 January 2028)	Applies from tax year 2026. Tax year 2025 keeps its own dates: payment of the final 2025 tax by 1 August 2026 and the 2025 return by 31 March 2027, unless extended
Provisional (temporary) tax return and first instalment, for income not taxed under PAYE	31 July of the tax year	Forms TD5/TD6; estimate of the year's chargeable income
Second and final provisional instalment; revision of the estimate up or down	31 December of the tax year	A downward revision after 31 July is possible but the instalments already paid are not refunded until assessment
SDC and GHS on foreign dividends and interest (from 2026)	With the income tax return	Up to 2025: 30 June and 31 December
GHS on Cyprus rental income (self-assessed or withheld by a corporate tenant)	30 June and 31 December (half-yearly timetable applied up to 2025)	Remittance route and dates for 2026 onwards to be confirmed against current Tax Department guidance (Chapter 07)
SDC and GHS withheld on Cyprus dividends and interest by the payer	End of the month following payment	Payer's obligation
Capital gains tax and 0.4% levy	Within 30 days of the disposal	Form and payment through the Tax Department
PAYE, social insurance and GHS on salaries (employer)	End of the following month	Monthly payroll return through TFA; annual employer's return TD7
Self-employed social insurance contributions	Quarterly (each quarter 13 weeks)	Through the Social Insurance Services
Non-dom extension election (for periods from 1 January 2026)	30 June 2026	Subject to Commissioner's approval; later start dates to be confirmed
Statement of assets and liabilities of a deceased person	Six months from death	Filed by the executor or administrator

Provisional tax

Individuals with income not subject to PAYE (self-employment, rent, foreign employment, taxable pensions not taxed at source) must estimate the year's chargeable income and pay provisional tax in two equal instalments on 31 July and 31 December. The under-estimation test is applied to income, not to tax: where the chargeable income per the provisional assessment is less than 75% of the chargeable income finally assessed, additional tax of 10% is charged on the difference between the final tax and the provisional tax. Because the bands are progressive, 75% of income is not 75% of tax, so the comparison is always made on income. Interest at the official rate (3.5% for 2026) runs on instalments not paid within 30 days of the due date, with a 5% penalty for late payment. The balance of tax is paid by self-assessment with the return.

WORKED EXAMPLE — UNDER-ESTIMATED PROVISIONAL TAX

A consultant estimates 2026 chargeable income of €40,000 and pays provisional tax of €4,000 (the tax on €40,000) in two instalments. Her final chargeable income is €70,000 and final tax is €12,900. The test compares income: €40,000 is less than 75% of €70,000 (€52,500), so the additional tax is $10\% \times (\text{€}12,900 - \text{€}4,000) = \text{€}890$, on top of the balance of €8,900 due by 31 July 2027. Had she revised the estimate to €55,000 by 31 December 2026 (above the €52,500 income threshold) and paid the corresponding instalment, no additional tax would have arisen, although the tax on €55,000 (€8,400) is only 65% of the final tax.

● Interest and penalties

Principal sanctions for individuals

Default	Sanction
Late payment of any tax	Interest at 3.5% a year from the due date (5.5% for 2025; calculated on completed months), plus a 5% penalty on the tax due, plus a further 5% if not settled within two months of the deadline
Late filing of a return or other declaration	Administrative penalty of €150 for a natural person (€250 or €500 for companies by size); €300 where the Commissioner has requested the return in writing and it is not filed in the period given
Failure to provide information or perform a duty relating to another person on request	€300 for a natural person
Provisional tax estimate below 75% of final chargeable income	Additional tax of 10% of the difference between final and provisional tax
Late payment of SDC or GHS on foreign income	Interest from the day after the return deadline (foreign income) or from the end of the month following the month of payment (Cyprus-source withholding), plus 5% penalty
Omission of income from a return, on conviction	Fine up to €5,000 plus the tax due plus twice the difference between the correct tax and the tax per the return
Failure to submit a return, on conviction	Fine up to €20 a day for as long as the failure continues, or imprisonment up to 12 months, or both
Late registration; late notification of changes (beyond 60 days); books not updated within four months; invoices not issued within 30 days; no year-end stock-take	€100 each (quarterly for books; monthly for invoices)
Late social insurance contributions	Additional charge of 3% per month of delay up to 27%, plus interest

ASSESSMENT PERIOD AND RECORDS

Under the Assessment and Collection of Taxes Law as amended in 2025, the six-year period for raising or revising an assessment is linked to the return: it runs by reference to the submission, or the due date, of the return or revised return for the year, as the amended provisions specify, not simply from the end of the tax year, and is extended to twelve years for fraud or wilful default. Books and records must be kept for at least six years after the return to which they relate is submitted, and longer while an audit, objection or appeal for the year is open; a late or revised return extends the period, so no single "destroy after" date applies to all records. Interest and penalties are not tax-deductible. Where an omission is discovered before the Tax Department raises the point, a voluntary amended return limits the exposure to interest and the 5% charges.

Five worked examples

EXAMPLE 1 — EMPLOYEE WITH NO RELIEFS

Item	€
Gross salary	50,000.00
Social insurance 8.8% (below ceiling)	(4,400.00)
GHS 2.65%	(1,325.00)
Contributions deductible (within one-fifth ceiling of €10,000)	5,725.00
Chargeable income	44,275.00
Income tax: $2,000 + 2,500 + 30\% \times 2,275$	(5,182.50)
Net pay	39,092.50
Employer's cost (8.8% + 2.9% + 1.2% + 0.5% + 2.0%)	57,700.00

Effective income tax rate on gross salary 10.4%; total deductions 21.8%. Filing: TD1 by 31 July 2027 even though PAYE has settled the liability.

EXAMPLE 2 — NON-DOM INVESTOR

Olga became Cyprus resident in 2024 with a foreign domicile of origin. In 2026 she receives €200,000 of dividends from foreign listed companies (after 15% treaty withholding of €35,294 on a gross €235,294), €40,000 of bank interest from a Cyprus bank, realises €300,000 of gains on share sales and €25,000 of gains on crypto-assets. Income tax: dividends and interest exempt; share gains exempt; crypto $8\% \times €25,000 = €2,000$. SDC: nil as a non-dom (the Cyprus bank must be given her non-dom declaration to stop the 17% withholding on interest). GHS: 2.65% on €180,000 (dividends €200,000 and interest €40,000 exceed the cap) = €4,770, of which the bank withholds $2.65\% \times €40,000 = €1,060$ and the balance of €3,710 is self-assessed with the return. Total Cyprus tax and contributions: **€6,770** on economic income of about €600,000; the foreign withholding of €35,294 is a final cost. Filing: TD1 by 31 July 2027 with SDC/GHS self-assessment; she must file regardless of the exempt nature of most of the income. Her 17-year non-dom period runs to 2040, after which the paid extension can be considered.

EXAMPLE 3 — SELF-EMPLOYED PROFESSIONAL WITH REVIEWED FINANCIAL STATEMENTS

Andreas, an architect in practice for 15 years, has fees of €160,000 and other gross income (rent) of €12,000 in 2026, a total of €172,000, above the €120,000 threshold. His practice's assets are below €500,000 and his relevant income was between €120,000 and €200,000 in both 2025 and 2026, so he meets the two-year tests and may have reviewed rather than audited financial statements; above €200,000 of income or €500,000 of assets a full audit would be required. Allowable expenses are €50,000 and wear and tear €6,000, giving business profit of €104,000. Rental income: €12,000 less 20% = €9,600 (no loan). Social insurance: $16.6\% \times €51,083.76 = €8,479.90$; GHS: $4\% \times €104,000 + 2.65\% \times €12,000 = €4,160 + €318 = €4,478$. Basket €12,957.90, within the ceiling of one-fifth of €113,600 (€22,720). Chargeable income €100,642.10; income tax $€13,500 + 35\% \times €28,642.10 =$ **€23,524.74**. His 2026 provisional declaration should have estimated chargeable income of at least 75% of the final €100,642.10 (about €75,482), paid in two instalments by 31 July and 31 December 2026, to avoid the 10% additional tax. Preparing reviewed financial statements, he files the 2026 return and pays the balance by 31 January 2028. He is VAT-registered (quarterly returns) and pays GHS on the rent on the timetable confirmed for 2026 (Chapter 07).

EXAMPLE 4 — RETIRED COUPLE

John and Mary, UK nationals, retired to Paphos in 2025 on investor permits. In 2026 John receives a UK occupational pension of €42,000 and the UK state pension of €12,000; Mary receives a UK occupational pension of €18,000. Both are non-doms. Under the Cyprus–UK treaty both types of pension are taxable only in Cyprus (John's is not a government service pension), and they have filed the UK form to receive them gross. Assuming both of John's pensions qualify as pensions in respect of employment exercised abroad, he elects the 5% method: $5\% \times (€54,000 - €5,000) =$ **€2,450**, against normal-rate tax of €7,670.70 on €54,000 less the deductible GHS of €1,431 (chargeable income €52,569); the election is clearly better. Mary's pension of €18,000 is below the €22,000 band, so she does not elect and pays nil. GHS: $2.65\% \times €54,000 = €1,431$ for John and $2.65\% \times €18,000 = €477$ for Mary. Their UK ISA income and dividends (€15,000) bear no SDC and GHS of €397.50. Each files a TD1 by 31 July 2027; John's includes the annual election. Their wills should include a choice of English law under the EU Succession Regulation.

EXAMPLE 5 — RELOCATING FAMILY (FULL YEAR)

Continuing the family of Chapter 12 into 2027, their first full year, using the 2026 bands, deduction limits, contribution rates and €68,904 social insurance ceiling unchanged (the 2027 parameters were not published at the review date; update when they are). Thomas earns €120,000 with the 50% exemption; Sofia starts part-time work at €20,000; they pay rent of €24,000 and have two children. Family income of €140,000 exceeds the €100,000 ceiling, so no family deductions apply. Thomas: exemption €60,000; social insurance €6,063.55; GHS €3,180; basket €9,243.55 within the €12,000 ceiling; chargeable income €50,756.45; tax $€4,500 + 30\% \times €8,756.45 =$ **€7,126.94** (5.9% of gross). Sofia: social insurance €1,760; GHS €530; chargeable income €17,710; tax nil. Employer cost for Thomas: $€120,000 + 10.5\% \times €68,904 + 4.9\% \times €120,000 = €133,114.92$. For comparison, if Sofia earned nothing and Thomas's salary were €99,000, family income would be below €100,000: exemption €49,500; social insurance €6,063.55; GHS €2,623.50; basket €8,687.05 (ceiling €9,900); chargeable income €40,812.95 before family deductions (tax €4,203.24) and €36,562.95 after child and rent deductions of €4,250 (tax €3,140.74), a saving of €1,062.50 at the 25% marginal rate, bought with a €41,000 reduction in gross household earnings (€140,000 to €99,000). The ceiling should not drive employment decisions; bonus timing near the threshold is worth managing.

• Annual checklist for individuals

January – March

- ✓ Update the travel calendar for the previous year and confirm residence under the 183-day or 60-day rule.
- ✓ Collect certificates: employer's annual statement, bank interest and SDC/GHS withholding certificates, dividend vouchers, foreign tax certificates.
- ✓ Give the employer the TD59 claim for allowances for the new year and evidence for any employment exemption.
- ✓ Review reserves by year of origin before declaring dividends from an owner-managed company.
- ✓ Self-employed with audited or, where eligible, reviewed financial statements: file the return and pay the final tax for the tax year before last by 31 January (first for the 2026 return and payment, due 31 January 2028).

April – June

- ✓ Estimate the current year's non-PAYE income for provisional tax.
- ✓ Pay GHS on Cyprus rent for the first half-year by 30 June (timetable for 2026 onwards to be confirmed; Chapter 07).
- ✓ Non-doms approaching year 17: evaluate and, if elected, apply for the paid extension.
- ✓ Renew health insurance and immigration permits due in the period (apply one month before expiry).

July – September

- ✓ File the TD1 and pay the balance of the previous year's tax and the SDC/GHS on foreign dividends and interest by 31 July (or the extended date announced).
- ✓ Submit the provisional tax return and pay the first instalment by 31 July.
- ✓ Transitional (2026 only): self-employed with audited financial statements pay the final 2025 tax by 1 August 2026; the 2025 return follows by 31 March 2027.
- ✓ Confirm the family-income position against the €100,000 / €150,000 / €200,000 ceilings and plan year-end receipts.

October – December

- ✓ Revise the provisional estimate and pay the second instalment by 31 December.
- ✓ Pay GHS on Cyprus rent for the second half-year by 31 December (timetable for 2026 onwards to be confirmed; Chapter 07).
- ✓ Make provident fund and life premium payments within the one-fifth capacity; complete green expenditure and register electric vehicles before year end.
- ✓ Check that the 60-day rule employment or office is in force at 31 December and that the permanent home is maintained.
- ✓ Count days abroad: keep absences under three consecutive months for permit holders and record the year's physical stay for naturalisation.

KEY DATES

30 June 2026	GHS on Cyprus rent, first half of 2026; non-dom extension application for periods from 1 January 2026
31 July 2026	2026 provisional tax return and first instalment; statutory date for 2025 TD1 and balance of 2025 tax (published diary shows 31 October 2026 for the 2025 return)
1 August 2026	Final 2025 tax of self-employed persons preparing audited financial statements
31 December 2026	Second provisional instalment and revision; GHS on Cyprus rent, second half; last deemed distribution date for 2024 profits
31 March 2027	2025 TD1 of self-employed persons preparing audited financial statements (unless extended)
31 July 2027	2026 TD1 for employees, pensioners and self-employed persons not required to prepare audited or reviewed financial statements; balance of 2026 tax; SDC and GHS on 2026 foreign dividends and interest (subject to any extension decree)
31 January 2028	2026 TD1 and final self-assessment tax of self-employed persons preparing audited or, where eligible, reviewed financial statements

● Legal references

- Income Tax Law 118(I)/2002, as amended, in particular articles 5 (charge), 8 (exemptions, including 8(21), 8(21A), 8(21B), 8(23) and 8(23A)), 9 and 11 (deductions and disallowances), 14 and 14B (personal and family deductions), 20 (special modes of taxation) and the Schedules on wear and tear.
- Special Contribution for the Defence of the Republic Law 117(I)/2002, as amended, including the 2026 amendments on dividend rates, disguised dividends, interest of individuals, rental income and the non-dom extension.
- Assessment and Collection of Taxes Law 4/1978, as amended (returns, provisional tax, records, electronic payment of rent, interest and penalties).
- Capital Gains Tax Law 52/1980, as amended.
- Social Insurance Law 59(I)/2010, as amended, and the annual regulations on insurable earnings.
- General Healthcare System Law 89(I)/2001, as amended.
- Central Agency for the Equal Distribution of Burdens (Establishment, Objects, Responsibilities and Other Related Matters) Law, as amended (0.4% levy).
- Department of Lands and Surveys (Fees and Charges) Law, Cap. 219, as amended (transfer fees).
- Value Added Tax Law 95(I)/2000, as amended, including the 2023 amendment on the 5% rate for a primary residence.
- Wills and Succession Law, Cap. 195; Deceased Persons Estate Law; Regulation (EU) 650/2012 on succession.
- Aliens and Immigration Law, Cap. 105, and the Aliens and Immigration Regulations, including Regulation 6(2); the Strategy for Attracting Businesses and the Business Facilitation Unit policy; Directive (EU) 2021/1883 (EU Blue Card); Directive 2014/66/EU (intra-corporate transfers); Directive 2003/109/EC (long-term residents); Directive 2003/86/EC (family reunification).
- Right of Union Citizens and their Family Members to Move and Reside Freely Law 7(I)/2007.
- Civil Registry Law 141(I)/2002, as amended in 2023 and 2024 (naturalisation).
- Regulations (EC) 883/2004 and 987/2009 on the coordination of social security systems; Council Directive (EU) 2023/2226 (DAC8).



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